SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1963

No. 108

SEARS, ROEBUCK AND CO., PETITIONER,

vs.

THE STIFFEL COMPANY.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

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No. 1020

IN THE

UNITED STATES COURT OF APPEALS

FOR THE SEVENTH CIRCUIT

No. 13724

Appeal from the United States District Court for the Northern District of Illinois, Eastern Division.

Honorable Julius H. Miner, Justice Presiding.

THE STIFFEL COMPANY, Plaintiff-Appellant,

vs.

SEARS, ROEBUCK AND CO., Defendant-Cross Appellant.

Appendix to Brief for Plaintiff-Appellant
—Filed June 27, 1962

[fol. 3]

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA,
GREENSBORO DIVISION

Civil Action No. C-172 G-57
Equitable Relief Sought

THE STIFFEL COMPANY, Plaintiff,

vs.

SEARS, ROEBUCK & Co., Defendant.

COMPLAINT—Filed October 17, 1957

To the Honorable Judge of the District Court of the United States for the Middle District of North Carolina:

Plaintiff alleges:

Count I.

Patent Infringement.

1. Jurisdiction of this Court arises from the Patent Laws of the United States, U. S. Code Title 35, and 28 U. S. Code § 1338(a) and (b) and § 1400(b).

2. Plaintiff, The Stiffel Company, is an Illinois corporation having its principal place of business at 525 West Superior Street, Chicago, Illinois.

3. Defendant, Sears, Roebuck & Co. is a New York corporation having a regular and established place of business at Greensboro, North Carolina, within the jurisdiction of this Court, and has committed acts of infringement therein.

4. Plaintiff, The Stiffel Company, is the owner by assignment of United States Letters Patent No. 2,793,286, duly and legally issued to T. A. Stiffel on May 21, 1957 on a lighting fixture.

[fol. 4] 5. Plaintiff, The Stiffel Company, is the owner by assignment of United States Design Letters Patent No. 180,251, duly and legally issued to T. A. Stiffel on May 7, 1957 on a design for a lighting fixture.

6. Plaintiff, The Stiffel Company, has subsequent to the dates of the invention of the patents in suit manufactured and sold and is presently manufacturing and selling lighting fixtures covered by said patents.

7. Since the issuance of said patents, Plaintiff has placed the required statutory notice on lighting fixtures covered by said patents and manufactured and sold by it.

8. Defendant, after Plaintiff began the manufacture and sale of said lighting fixture, has been engaged in the sale of lighting fixtures which infringe the said patents without the license and consent of Plaintiff, has advertised and offered for sale and sold and is continuing to advertise, offer for sale and sell, within this District and elsewhere, lighting fixtures identical to and copies of Plaintiff's lighting fixture in infringement of said patents.

Count II.

Unfair Competition.

9. Jurisdiction of this Court arises from the Patent Laws of the United States, U. S. Code Title 35, and 28 U. S. Code § 1338(a) and (b).

10. Plaintiff, The Stiffel Company, is an Illinois corporation having its principal place of business at 525 West Superior Street, Chicago, Illinois.

11. Defendant, Sears, Roebuck & Co. is a New York corporation having a regular and established place of business at Greensboro, North Carolina, within the jurisdiction of this Court, and has committed acts of infringement therein.

12. Plaintiff, The Stiffel Company is engaged in the busi- [fol. 5] ness of manufacturing and selling lighting fixtures throughout the United States and has had created for it, new designs in said lighting fixtures, including the design

embodying that of the patents in suit; Plaintiff is known among the trade and the buying public as a manufacturer of lighting fixtures of original design and superior quality, which lighting fixtures, by virtue of the fact that they are readily distinguishable from lighting fixtures of other manufacturers, are recognized as the products of Plaintiff.

13. The design of Plaintiff's lighting fixture involved herein is an original and unique design, created for and exclusively owned by Plaintiff, and lighting fixtures incorporating said design and configuration have been sold exclusively by Plaintiff in a form and configuration of distinctive and instantly recognizable appearance incorporating a number of new and original design features, and said lighting fixture is recognized as a product of Plaintiff.

14. Plaintiff's said lighting fixture has been extensively advertised and Plaintiff has built up a valuable business and good will in the sale thereof.

15. The appearance of said lighting fixture has come to be recognized by the lighting fixture trade, and by the purchasing public, as distinctive; it has become identified and associated with Plaintiff as a product of its exclusive manufacture.

16. After Plaintiff had built up a valuable business in said lighting fixture, Defendant started to sell and is presently selling a lighting fixture which is a slavish and willful copy and counterfeit of the details of the ornamental, distinctive and original appearance of Plaintiff's lighting fixture; Defendant has sold and is selling its said lighting fixture to the same public that purchases Plaintiff's lighting fixture, all for the purpose of appropriating the business that would otherwise inure to the Plaintiff.

17. Defendant's counterfeit lighting fixtures cannot be [fol. 6] distinguished in ornamental appearance and design from those of Plaintiff, except that Defendant's lighting fixtures are of inferior workmanship and quality and sell for a lower price than Plaintiff's lighting fixtures.

18. Defendant has unlawfully conspired with the manufacturer of Defendant's lighting fixture and has stimulated

said manufacturer to counterfeit Plaintiff's lighting fixture in all design and ornamental details.

19. The sale by Defendant of its lighting fixtures has resulted in confusion in the trade and in unfair competition with Plaintiff; since Defendant's lighting fixtures have appeared on the market Plaintiff has lost sales in said lighting fixtures, and has suffered great damage to its business.

20. The sale of Defendant's lighting fixtures has impaired the distinctiveness of the heretofore unique appearance of Plaintiff's lighting fixture and has so cheapened said lighting fixture in the eyes of the public as to impair the prestige for the product created through Plaintiff's integrity, skill, effort, and expenditure of money.

21. By its acts set forth above, Defendant has competed unfairly with Plaintiff causing great damage and irreparable harm and injury to Plaintiff, and Defendant unjustly enriched itself with benefits at the expense of Plaintiff, and as a result of such unlawful acts of Defendant, Plaintiff has suffered great damage.

22. This charge of unfair competition arises out of the sale of the same lighting fixtures charged to infringe Plaintiff's patents in Count I hereof, and is related to that charge of patent infringement.

Wherefore, Plaintiff prays that this Court enter judgment in Plaintiff's favor, adjudging and ordering that:

(a) Plaintiff's Letters Patents 2,793,286 and Design No. 180,251 are valid;

(b) Defendant has infringed said Letters Patents;

[fol. 7] (c) Defendant has competed unfairly with Plaintiff in the sale of lighting fixtures;

(d) Defendant account for and pay to Plaintiff its damages, and a sum in excess thereof, not to exceed three times actual damages;

(e) The award of attorneys' fees and costs to Plaintiff;

(f) Defendant be enjoined from further infringement and from acts of unfair competition; permanently and pendente lite;

(g) Plaintiff be granted such other and further relief as may be proper.

The Stiffel Company, By Welch Jordan, Attorney for Plaintiff, 619 Jefferson Standard Building, Greensboro, North Carolina.

Casper W. Ooms, Robert C. Williams, 209 South La Salle Street, Chicago 4, Illinois.

Max R. Kraus, 105 W. Adams Street, Chicago 3, Illinois. Of Counsel.

[fol. 8]

IN THE UNITED STATES DISTRICT COURT

FOR THE NORTHERN DISTRICT OF ILLINOIS

DEFENDANT'S ANSWER AND COUNTERCLAIM —Filed August 1, 1958

Answer.

Defendant, for its answer to plaintiff's complaint herein says:

First Defense.

1. Defendant admits Federal jurisdiction under the patent laws of the United States, but denies having committed any actionable offense.

2 & 10. Defendant admits, on information and belief, the allegations of paragraphs 2 and 10 of the Complaint.

3 & 11. Defendant admits that it is a New York corporation with places of business at Greensboro, North Carolina, and Chicago, Illinois, but denies all other allegations of paragraphs 3 and 11 of the Complaint.

4-7. Plaintiff is not informed, save by the Complaint, as to the matters alleged in paragraphs 4-7, inclusive, of

the Complaint, and accordingly puts plaintiff to its strict proof with regard thereto.

8. Defendant denies the allegations of paragraph 8 of the Complaint.

9. Defendant admits pendent jurisdiction, as alleged, but denies having committed any actionable offense.

12. Defendant denies that plaintiff created any new designs in lighting fixtures; defendant further denies that any lighting fixtures put out by plaintiff are at all distinctive, but quite the contrary; as to the other allegations of paragraph 12 of the Complaint, defendant is not informed, save by the Complaint, as to the truth or falsity thereof, and accordingly puts plaintiff to its strict proof thereof.

[fol. 9] 13. Defendant denies the allegations of paragraph 13 of the Complaint.

14. Defendant admits plaintiff's having advertised its lighting fixtures, but denies that said goods have any good will whatever inuring to plaintiff, as alleged.

15-21. Defendant denies all of the allegations of paragraphs 15-21, inclusive.

22. Defendant admits a relation between Counts I and II of the Complaint under Title 28, U. S. C., Section 1338 (b).

23. Defendant denies each and every allegation of the Complaint not hereinabove specifically admitted.

Second Defense.

24. Defendant avers, on information and belief, that the patents in suit, and each of them, are invalid and of no legal force and effect because:

(a) Theophile A. Stiffel was not the original and first inventor of the alleged inventions or improvements described and claimed therein;

(b) The alleged inventions and improvements were known to or used by others in this country before the alleged invention thereof by said Theophile A. Stiffel; and were made and sold by others prior thereto;

(c) The alleged inventions and improvements were patented and described in printed publications before the alleged invention thereof by said Theophile A. Stiffel;

(d) The alleged inventions and improvements were patented or described in printed publications and were in public use or on sale more than one year prior to the respective dates of filing of the applications on which said patents issued;

(e) The alleged inventions and improvements were described in patents granted on applications for patents filed [fol. 10] in the United States by others before the alleged invention thereof by the said Theophile A. Stiffel;

(f) Said Theophile A. Stiffel did not himself invent the subject matter sought to be patented;

(g) Before the said Theophile A. Stiffel's alleged invention of the respective subject matter disclosed and claimed therein, the alleged inventions and improvements were made by others who had not abandoned, suppressed or concealed the same.

(h) Because the alleged inventions or improvements purported to be covered by said patents are devoid of substantial novelty or invention and involved only the ordinary skill of the art, in view of the well known state of the art prior to and at the respective dates of the alleged inventions by said patentee, and the differences, if any between said alleged inventions and the prior art are such that the subject matter of said patents, as a whole, would have been obvious at the time the alleged inventions were made to a person having ordinary skill in the art to which said subject matter pertains.

(i) Because the alleged inventions or improvements purported to be covered by said patents did not at the respective dates of the applications therefor constitute subject matter or invention patentable under the law, but were obvious aggregations of old and well known mechanical expedients arranged for use in an obvious manner and devoid of invention.

(j) As to said design patent in suit, said patent is invalid for the further reason that the subject matter of said patent is completely lacking in any ornamental or esthetic character whatever, taken as a whole or as to any feature or element thereof, but, on the contrary, is strictly functional and utilitarian in all respects, and, accordingly, not proper subject matter for a design patent under 35 U. S. C., Sec. 171.

[fol. 11] Third Defense.

25. As a further and separate defense in its behalf, defendant avers that the claims of said patents are so limited and restricted by the prior art, as well as by the acts of said patentee and his duly authorized attorney or attorneys in the prosecution of his applications for said patents and, particularly, by the limitations and restrictions made in said applications, voluntarily and under the requirements of the Commissioner of Patents, as to exclude any device or apparatus sold by defendant, and said patents are thereby limited and restricted to the particular devices and arrangements of parts therein described, and plaintiff cannot now seek to obtain a broader construction of said claims.

Fourth Defense.

26. Further answering as to Count II, defendant alleges that it is a matter of common knowledge in the lamp industry in the United States that the Stiffel patents in suit are invalid for the reasons stated above; that, by reason of said knowledge, lamp fixtures embodying in combination all of the structural and mechanical features of the lamp fixtures put out by plaintiff, and the esthetic features, if any, for a long time have been, and are being, widely and notoriously made and sold throughout the United States by many manufacturers and vendors of lamp fixtures without leave or license of plaintiff. By reason of the aforesaid facts the said lamp fixtures put out by plaintiff are lacking in distinctiveness and, accordingly, there is no good will inuring to plaintiff therein so far as any shape or design is concerned, or otherwise, such shape or design being merely

that which is common in the trade and merely utilitarian in character.

[fol. 12] Fifth Defense.

27. Further answering as to Counts I and II of the Complaint, defendant alleges, on information and belief, that plaintiff has entered this court with unclean hands by reason of the fact that plaintiff has widely advertised for sale throughout the United States articles purporting to embody the alleged inventions, constructions and designs forming the subject matter of plaintiff's Complaint herein and in the aforesaid advertising plaintiff referred to said goods as the design and original creation of a nationally known industrial designer, to wit, Raymond E. Lowey, contrary to the allegations of the plaintiff under oath in his applications for Letters Patent asserted in this suit wherein plaintiff described himself as the original inventor and designer of the same. Defendant further alleges, on information and belief, that the plaintiff's commercial success, if any, in connection with the promotion and sale of the aforesaid articles, designs and constructions forming the subject matter of the Complaint herein was largely due to the aforesaid advertising statements.

Counterclaim.

Defendant brings this Counterclaim under Title 28 U. S. C., Sec. 2201, and in support thereof avers:

1. Plaintiff, The Stiffel Co., is, on information and belief, an Illinois corporation with a place of business at 525 W. Superior Street, Chicago, Illinois; Defendant, Sears, Roebuck and Co., is a New York corporation with its principal place of business at 925 S. Homan Avenue, Chicago, Illinois.

2. There is pending before this Court a suit between these parties as captioned above, wherein plaintiff has charged defendant with infringement of Letters Patent Nos. 2,793,286 and D-180,251, in the sale of lamp fixtures, [fol. 13] and with unfair competition in connection with the same acts, which charges defendant has denied. De-

fendant, accordingly, avers that a justifiable controversy exists between the parties. Jurisdiction may be predicated on Title 28, Sec. 1338(a) and (b), U. S. C., and Sec. 2201.

3. Defendant here incorporates by reference all of its Second Defense of defendant's Answer, Supra.

4. Defendant here incorporates by reference all of its Third Defense of defendant's Answer, Supra.

5. Defendant here incorporates by reference all of its Fourth Defense of defendant's Answer, Supra.

Wherefore, defendant prays that a decree be entered as follows:

(a) Holding invalid and void the patents complained of as infringed by plaintiff.

(b) Holding that defendant has not infringed said patents.

(c) Holding that plaintiff owns no exclusive rights in any lighting fixture design or good will therein, as alleged.

(d) Holding that defendant has not been guilty of unfair competition.

(e) Dismissing the Complaint in all respects, with costs and reasonable attorneys fees to defendant.

(f) For such other and further relief as the equities of the case may require.

Sears, Roebuck and Co., By Frank H. Marks, Attorney for Defendant.

120 S. La Salle Street, Chicago 3, Illinois, August 1, 1958.

[fol. 18]

IN THE UNITED STATES DISTRICT COURT

FOR THE NORTHERN DISTRICT OF ILLINOIS

Proceedings at the Trial

Before Hon. Julius H. Miner, United States District Judge,

Commencing November 2, 1960.

APPEARANCES

Present;

Horton, Davis & McCaleb by Warren C. Horton, Esq. and Max R. Kraus, Esq., both of Chicago, Illinois, on behalf of plaintiff.

Bair, Freeman & Molinare by Will Freeman, Esq., John S. O'Brien, Esq. and Dimitri D. Allegretti, Esq. and Lederer, Livingston, Kahn & Adsit by Frank H. Marks, Esq., all of Chicago, Illinois, on behalf of defendant.

After Opening Statements on behalf of both parties, the following proceedings were had:

THEOPHILE A. STIFFEL, called as a witness on behalf of plaintiff testified as follows:

He stated that he resides at 5490 South Shore Drive, Chicago, will be sixty-two years of age his next birthday, and that he is a lamp manufacturer, president of The Stiffel Company, an Illinois corporation. He has been engaged in the lamp business for forty years, starting first for International Lamp Company in 1919 and subsequently organizing his own company in 1932. During the war, he was engaged in the screw machine business for a company called the Stiffel Bradley Company but, after the war, resumed the lamp business with the plaintiff company.

Plaintiff manufactures high-grade lamps which he believes have been accepted as the finest lamp in America for quality, design, appearance. "We have never compro-
[fol. 19] mised to cheapen a lamp. It has always been the best we know how to make".

The lamps made by plaintiff are mostly of the home type and a few office lamps and the company made floor lamps and table lamps only until the advent of the pole lamp.

There is a differentiation in the lamp business between fixtures and lamps. A lighting fixture is a unit that is permanently hung from the ceiling and a portable floor lamp is one that is attached to a base and can be easily knocked over. Lighting fixtures require licensed electricians to install a wire but pole lamps do not require this as they can be plugged into any outlet.

"I am the applicant for the two patents in suit."

Whereupon, Stiffel patent No. 2,793,286 was offered and received in evidence as Pl. Ex. 1 and Stiffel design Patent No. 180,251 was offered and received in evidence as Pl. Ex. 2.

Resuming, the witness stated that the title of the patent Pl. Ex. 1 is "Lighting Fixtures" and that of Pl. Ex. 2 is "Lighting Fixture" and, as to how such titles were arrived at, he stated that he conceived the idea of hanging many different types of lighting elements, wiring permanently to the pole and also making a lighting fixture which plaintiff subsequently made and which are shown in plaintiff's catalogs shortly after the patent was granted. The fixtures look like the normal lighting fixture only they are made portable so they can be moved to different places in the room without the necessity of having an electrician come in and wire them permanently to the ceiling. This was the forerunner of the lighting fixture he had in mind at the time of the invention of the patents in suit. The lighting equipment shown in the two patents in suit are portable and, after the patents had been issued, he had assigned them to the plaintiff.

[fol. 20] Defendant conceded that the patents in suit are owned by plaintiff The Stiffel Company.

Resuming, the witness stated that the structures embodying disclosure of the two patents in suit were placed on sale by plaintiff in January of 1956 and that one of them was present in the courtroom.

Referring to this lamp manufactured by the plaintiff, the witness was asked to point out some of the structural features, not particularly referring to the patent.

The witness pointed out that the lamp was

> "internally wired, totally internally wired in a sectional pole. That has never been done before. No one has ever made a sectional pole that would fit between the floor and the ceiling in rooms of any height. It could even go up to 20 feet if necessary with an extension of the pole, which has never been done before. * * * In this particular pole, you will notice, these bullets are on a 180° angle. It holds it flat against the wall."

In this particular case, the bullets are not at 120° but they are all on the same plane. If necessary, this lamp could be placed against the wall where if the bullets were 120° one bullet might hit the wall. You could put it real close to the ceiling and close to the floor and still put a lighting fixture on there or something else and that was the reason for putting them on the same plane.

"Incidentally there were none before that were put on the same plane, not to my knowledge."

Relative to positioning the wire within the pole, the witness said:

> "It took us quite a while to figure out how to wire this pole completely internally and still be able to add different sections on it to make it reach between the floor and the ceiling at any different height. * * * It is little [fol. 21] work for the woman in the home to do and also to make it an easy package to ship and deliver in one piece."

He stated that there is no work that you have to do when you got the thing in your house, all you have to do is put the thing together as is, and put it to any height, to any extension you wish.

When the pole is installed like that, there is no wiring whatsoever outside at any point except the cord and the plug at the bottom. There are no wires at the lamp outlets, the wire being run internally through the socket, through the swivels and also with stops on the swivels so that they can't touch the wire and short-circuit the pole.

The wire runs up to the upper lamp as well as to the lower lamp and has contacts within the pole, the wiring itself being brought out at the bottom for plugging it into the outlet.

It is pointed out at the top and bottom of the pole there are rods with smaller diameters than the pole and the reason for that was mostly design. "You couldn't sell a pole in the home that looked like a plumbing fixture, from the floor to the ceiling, with this one straight tube." It was his idea to make it smaller because he thought that he had some knowledge of good design.

The portion at the bottom of the pole is not the same as that at the top, the lower portion being adjustable with the thread to make a finer adjustment so that if you happen to have a ceiling of a little different height than maybe you anticipated, you can still make the pole higher and extend still further down and the lower portion is a finer adjustment on the pole.

At the top section, there is a steel, brass-plated tube, heavy steel. As the pin goes through the tube, it actuates a spring. When the rod is pushed down within the pole, [fol. 22] the spring becomes compressed and pushes out the top element. There was a lot of thought given to the length of the plunger because if you make it too long, you can punch a hole into the ceiling. You've got to be very careful in distribution of the sections of the pole, that they are made the right length. They can come within a half an inch or so of the right length, but if you start making the pole of different sizes than made by plaintiff, you have to get a plunger that is long to take up the deficit between the floor and the ceiling or you will punch a hole in the ceiling, particularly the plasterboard ceilings which they have in the homes today and all that was taken into consideration.

As to the function performed by the pressure of the spring against the upper extension, the witness pointed out that at the top was a non-marking rubber cushion and pressure against that will not mark the ceiling. It will also keep it from side motion and it requires very little movement to keep the thing in position. As to whether consideration was given to the location of that spring plunger

and the end of the pole to which it should be, the witness stated:

> "There certainly was. Originally we made the pole upside down and had the spring on the bottom until someone leaned against the pole and it fell down and then we decided to put the spring on the top."

The witness stated that the pole lamp before him was the first style manufactured and sold by the plaintiff company and that it was brought out on the market in 1956. Plaintiff was delivering them within thirty days after marketing.

The following questions and answers were then made:

"Q. After your patents issued, did you give any mark [fol. 23] to the patents, the product, in any way with patent numbers?

A. We certainly did.

Q. There is on this pole a paper tag. Will you tell us what that is?

A. That is a tag identifying the number of the lamp and also with two patent numbers on it. Those tags were shipped on every pole.

Q. Was it the same tag used on all kinds of poles, all lamp poles you made?

A. No, sir. If the design was different, we left off the design number. But, we felt that all the poles we made, at least, come under the other patent.

Q. The mechanical patent?

A. The mechanical patent, yes, sir."

Whereupon, the Stiffel pole lamp was marked Pl. Ex. 3 and offered and received in evidence.

The witness then identified the tags which he had described, one having only the mechanical patent number on it and the other having both the mechanical patent number and the design patent number and stated that those were the tags used by the plaintiff on its "Lampole" products.

Whereupon, the tag having only the mechanical patent number was offered and received in evidence as Pl. Ex. 4 and the tag having both the mechanical patent number

and the design patent number was offered and received in evidence as Pl. Ex. 5.

The witness stated that after the two patents had been issued, the plaintiff company used these tags on all of its products, the one with the mechanical patent number being used on all of its pole lamps which plaintiff felt came under the mechanical patent and the tag including the design patent number was used on poles including the design but not on poles different in design.

[fol. 24] After the pole lamp was first produced by plaintiff, it was first displayed to the public in January, 1956 at the Spring Market in the Merchandise Mart in Chicago.

The witness stated that the reception of plaintiff's "Lampole" by buyers at that market was "tremendous" and that "practically everybody in the country that was at the show came to see our booth."

The plaintiff then manufactured and sold the pole lamps "all that we could make" and still manufactures them and has them in several varieties.

Plaintiff puts out catalogs and the plaintiff's 1957 catalog illustrating the pole lamps and other lamps made by plaintiff was identified by the witness. He pointed out that on page 18 of the catalog there was shown a lamp similar to the exhibit of the Stiffel product and stated that the catalog shows various uses of the pole lamps in various organizations.

Whereupon, the Stiffel 1957 catalog, including the portions illustrating the pole lamp but not portions illustrating ordinary table lamps, was offered and received in evidence, marked Pl. Ex. 6.

Mr. Stiffel then identified the 1957 Supplement Catalog put out by the plaintiff in that year illustrating pole lamps manufactured and sold by plaintiff and showing at page S-4 the particular sample produced in court. Referring to the other samples shown, he stated that they do not differ functionally so far as the plunger, the type of tube, the location of the wiring and the type of foot used therein from those previously discussed.

The 1957 Supplement Catalog was then offered and received in evidence as Plaintiff's Exhibit 7.

The witness was then shown another document which he identified as the 1958 catalog of the plaintiff, showing pole lamps manufactured and sold by plaintiff, and again also the lamp produced in court.

[fol. 25] The 1958 catalog was thereupon offered and received in evidence as Plaintiff's Exhibit 8.

The witness next identified the 1958 Supplement Catalog as a publication of the The Stiffel Lamp Company, disclosing pole lamps manufactured and sold by plaintiff and prices therefor, which document was then offered and received in evidence as Plaintiff's Exhibit 9.

The witness next identified a pole lamp which he said

> "was purchased in Greensboro, North Carolina from the Sears, Roebuck Company by one of our salesmen • • • before this suit was filed",

this suit having originally been filed in Greensboro.

The defendant's pole lamp so identified was offered and received in evidence as Plaintiff's Exhibit 10.

Pointing out the structural features present in Plaintiff's Exhibit 10, the witness stated that it collapses in the same manner as plaintiff's pole lamp, is of the same length and includes a pole that comes apart. On the foot, there is a thread that screws out like plaintiff's. The rod at the foot is of reduced diameter and has a threaded element to adjust the position of the pole. At the top, it similarly has a rod of reduced diameter mounted on the top section by a spring which compresses as the top is pushed down and pushes the reduced diameter rod at the top of the pole against the ceiling.

"Q. How is this entire lamp positioned in place when in use?

A. It is compressed against the ceiling and placed.

Q. Does the foot and top rest between the ceiling and the floor?

A. Yes.

Q. On the wiring now, where does the wiring come into this pole?

A. Through the swivels and down through the pole.

Q. And up the bottom?

[fol. 26] A. Up the bottom.

Q. How is that attached to a power supply?
A. With a cord and plug.
Q. Like in a floor plug?
A. In a regular lamp.
Q. To fit into a floor plug?
A. Yes."

The witness then identified a photograph which he had made of Plaintiff's Exhibit 10 showing it in assembled condition.

The photograph was offered and received in evidence as Plaintiff's Exhibit 11.

The witness next identified another photograph of Plaintiff's Exhibit 10 showing all of the portions and elements of the pole, but disassembled.

This photograph was then offered and received in evidence as Plaintiff's Exhibit 12.

* * * * * * * *

[fol. 52] William H. Pemberton, called as a witness on behalf of plaintiff, testified as follows:

He stated that he is thirty-five years old, resides at 1937 Old Willow Road, Northfield, Illinois, and has the Home Accessories Division of the Old Orchard Store of Marshall Field & Company, by which company he has been employed for thirteen years.

In 1956, he was a lamp buyer for Marshall, Field & Company and managed the lamp section. He became acquainted with the Stiffel lamps in 1956,

> "The January market, as I recall, was the introduction of the Stiffel Lampole."

He testified further as follows:

* * * * * * * *

"Q. Do you recall what the impact was at the market of that lamp at that time?

A. Well, it was quite a great one because it was something rather new, different and revolutionary in the lamp business at that time.

Q. Did you, as a buyer for Field's buy such lamp?

A. Yes, we did.

Q. What was the reception by the public of that lamp?

A. It was very well received, and we made a special [fol. 53] display in our section at that time to take care of the display of this particular new item.

Q. Those lamps, are they still sold by Marshall Field & Company?

A. Are they still sold today?

Q. Yes.

A. Yes, they are.

Q. In your position with Marshall Field & Company at that time, and let us say—how long after 1956 did you remain as a lamp buyer there?

A. I transferred from the downtown store to Old Orchard in October of 1958.

Q. Prior to that transfer, did you have any occasion when complaints were made to you by customers involving lamps sold by Marshall Field and made by the Stiffel Company?

A. Would you rephrase that? Did I have complaints from customers about Stiffel Lampoles sold by Marshall Field & Company?

Q. Yes, as to whether or not any lamps sold by Marshall Field & Company and made by Stiffel were or were not the same as those sold by Sears, Roebuck.

A. We did have customers inquire of us, if lamps that looked to be similar to the Stiffel Lampole were the same, and what was the reason for the price difference in some instances.

Q. I show you a copy of a letter, it bears your name as addressee, and apparently written by Mr. Fred Phillips, and dated November 13, 1957, and ask you whether you received the original of that letter.

A. Yes, I did. This was a letter that came through our complaint department and was referred to me by the merchandise man. The customer's complaint was based upon the fact that she had bought a Stiffel Lampole at $39.50 as I recall, and she had then thereafter, seen a [fol. 54] catalog item that looked to be similar at a much lesser price, and her question to me was why was this same pole half the price from somebody else.

To give her a valid answer I contacted Mr. Phillips and asked him to give me a little more information as to the itemized story as to what qualities and what the various salient factors were about his product that would justify an answer to our customer.

Q. Was that a Sears lamp that reference was made to?

A. It was advertised in a Sears catalog, yes.

* * * * * * *

The letter identified by the witness was thereupon offered and received in evidence as Plaintiff's Exhibit 16.

He further testified as follows:

"Q. Let me ask you this. When you saw the Stiffel pole lamp you say at the show in 1956, had you seen any such lamp at any time prior thereto?

A. No. To me as a lamp buyer this was something radically new in the lamp business."

Cross examination.

By Mr. Freeman:

Q. Did you write to the Stiffel Company when you received the complaint from Mrs. John J. Driscoll?

A. No, sir, I called Mr. Phillips.

Q. Was Mrs. Driscoll's complaint in writing or orally?

A. No, it was a letter. It came, as I mentioned before, it came through our Adjusting Service, attached to a yellow form that we use in the business.

Q. Have you asked Marshall Field to make a search for that letter?

A. I did, and my answer was that it is not logical that it would be in the file at this point.

[fol. 55] Q. I asked you whether a search was made as distinguished from what is logical.

A. There was a search made and the letter was not produced as a result of that search.

Q. Did you make it?

A. No.

Q. When you received Mr. Phillips' letter, did you write to Mrs. John J. Driscoll?

A. To the best of my recollection, I think I did. I may have called her, but I think I did write an answer to her, based on this information.

Q. Have you made a search for that letter?

A. No, I have not.

Q. Do you recall what you wrote Mrs. Driscoll?

A. Well, it is a little bit hazy at this moment. I am sure I used the information he gave me to bear out the difference in quality of workmanship between the product we sold and the product that she saw.

Q. In other words, the price differential Mr. Phillips advised you, and you in turn advised Mrs. Driscoll, was due to the fact of a superior product quality-wise; correct?

A. Correct.

Mr. Freeman: That is all.

* * * * * * *

Bernice Passmore, called as a witness by plaintiff, testified:

That she is the lamp and gift buyer at the John M. Smyth Furniture Company, located on Michigan Avenue in Chicago where her office is located and she had had that position for about nine years, but has been with that company a lot longer period. She was the lamp buyer in 1956 and the Stiffel pole lamp came to her attention as a buyer in 1956, at the 1956 Show in the Merchandise Mart. She further testified as follows:

[fol. 56] Q. Have you ever, prior to that, seen a pole lamp similar thereto?

A. No, I had never.

Q. What was the reaction of the buyers at the show to the lamp pole that was displayed by Stiffel?

A. Well, it seemed to be very widely accepted. As a matter of fact, it seemed to create a mild sensation.

Q. Did you buy some for your store?

A. Yes, indeed we did.

Q. How was it? Was it successful in sales?

A. Accepted very readily, yes.

Q. You continued to sell it?

A. Yes.

Q. At that time did you ever have any complaints about lamps sold by Smyth as compared with lamps sold by Sears?

A. Yes. I recall having such a complaint in the mail, and it came to us through our Adjusting Department, and we didn't know what to do with it. So, we called Mr. Phillips, and to my best recollection he said to send him the letter. I am not real sure what happened to it. But, I think he asked for the letter.

Q. Have you looked through the files for any of those letters at your office?

A. Frankly I didn't because it wouldn't have been in our office, and I know the gentleman who handled it wouldn't have had it in his record after this length of time.

Q. Do you know who made that complaint to you?

A. No, I don't remember the customer's name.

Q. Do you remember anything more about that complaint as to the nature of it, what the substance of it was?

A. She stated that she had seen a lamp at this store, that was exactly like what she had purchased from us at a higher price. I don't remember what the price of [fol. 57] the other lamp was, but I know there seemed to be a vast difference.

Q. Does your company at the present time buy lamps from Stiffel Company?

A. Yes, we do.

Q. Including pole lamps?

A. Yes.

Cross examination.

By Mr. Freeman:

Q. Did the person that complained to you tell you whose lamp she had seen?

A. Yes, she mentioned the name of the store.

Q. What was the name of the store?

A. Sears, Roebuck and Company.

Q. So that you knew that that was a product sold by Sears as a Sears product that she was talking about?

A. Yes.

Q. And I think in your business, and I am acquainted with your company, you have a reputation for high grade merchandise sold at relatively high prices.

A. At relatively high prices? Well,—

• • • • • • •

Q. Well, I will call it high quality.

A. Yes, we sell quality merchandise in all price categories I would say.

Q. Did you take the matter up with Mr. Phillips or anyone at the Stiffel Company?

A. Yes, I did.

Q. What were you informed?

A. Well, he didn't have anything to offer at the time in the way of information, but he said, to the best of my recollection, to send the letter to him and he would take care of the matter. So, we did and he didn't give us any reason to be concerned after that.

[fol. 58] Q. Did he tell you that the lamp that they had sold you included some Bakelite de-fusers, and that was a far better product?

A. Well, of course we knew it was a better product. We knew that. We know Stiffel.

Q. You knew it was a better product?

A. Yes, sir, we knew ours was a better product.

Q. And obviously, the price is higher for better products.

A. Yes.

Mr. Freeman: That is all.

• • • • • • •

Fred Phillips, called as a witness for plaintiff, testified that he is forty-nine years of age, resides at 1870 Clifton Avenue, Highland Park, Illinois and is vice-president and sales manager of The Stiffel Company, with whom he has been associated with since June of 1947 in that capacity.

His occupation for the most part has been sales manager, although he has other administrative duties, including advertising done by The Stiffel Company. He further testified as follows:

Q. You are acquainted of course, with the company's pole lamps?

A. Yes.

Q. Did you attend the show in 1956 at which that was first offered to the public?

A. Yes, I did.

Q. What was the public reaction to the pole at that time?

A. I would call it positively sensational and probably the best, most active market that I ever witnessed at Stiffel Company before or since.

[fol. 59] Q. Did you, after that, get orders for pole lamps manufactured by Stiffel?

A. We received orders at the market and subsequent to that.

Q. Have you continued to sell the pole lamps?

A. Yes, we have.

Q. Have you made a summary of the sales of pole lamps by the Stiffel Company since it was announced?

A. Yes.

Q. Can you tell us what that is?

A. I brought some figures with me. We introduced the pole lamp in January of 1956, and shortly after the market we started shipping them. It took us some time to get into production, but the figures I have show that we sold $653,259, sold and shipped, in 1956.

In 1957 we shipped $1,005,226. In 1958 we shipped $859,014. In 1959 we shipped $739,351. For the four years we shipped $3,256,850. of the pole lamps.

Q. Did you have the figures for 1960?

A. We have an estimated figure of $500,000 for the year 1960 based on the sales to date.

Q. Did you have anything to do with the preparation of the Stiffel catalogs?

A. Yes.

Q. In these catalogs, Plaintiff's Exhibits 6, 7, 8, and 9, which have been identified, did you participate in any way or direct the preparation of those catalogs?

A. Yes, sir.

Q. Do those illustrate the line of lamp pole products which your company sold in those years?

A. Yes, sir.

Q. In the one case, in Plaintiff's Exhibit 8, pages 2 and 3, there is reference to national advertising done by your company. Did you have anything to do with that?

A. Yes, sir.

[fol. 60] Q. On those pages, there are named and listed several, a number of magazines, are there not?

A. Yes, sir.

Q. Will you state what some of those magazines are, please?

A. Well, in the 1958 catalog, House Beautiful, House & Garden, Living, and the Sunday newspaper supplements in twenty-five major cities.

Q. Was that advertising done in that year of 1958?

A. This was advertised in April and May of 1958.

Q. Now, was similar advertising done prior to the issuance of that 1958 catalog?

A. Yes, sir.

Q. When did the advertising of that product start with your company?

A. In the spring of 1956.

Q. Have you continued to advertise?

A. Yes, sir.

Q. Did you have anything to do with the material published in Lamp Journal for July of 1957?

A. Yes, sir.

Q. What were the circumstances under which you submitted that material for publication?

A. This advertising was arrived at in discussion with our legal counsel and after the ad was composed, it was turned over to the—well, we were working with the advertising agency to compose the ad and turned it over to the publications.

Q. Did they call the attention of the trade to these patents that are now in suit?

A. That is what it was intended to do, sir.

Q. What are the patents referred to in there? Are they the two patents in suit?

A. Yes.

Q. Now, after you had announced the lamp pole in the [fol. 61] 1956 show, did you make any effort to see whether competitors copied that product in any way?

A. After we showed this at the 1956 show?

Q. Yes.

A. Yes. It is my job to keep abreast of the things that happen in the market and I try to keep up, to keep aware of these things and inquire about them.

Q. Were there clippings which you obtained to know about the activities of competitors in the sale of lamp poles?

A. Well, there weren't any clippings for quite some time after we introduced our item.

Q. First of all, you say for some time. For how long?

A. Oh, probably several months, anyway. I am referring to competitive products. There were many clippings that related to the item that we introduced.

Q. Yes. Then there were some ads and things of other companies that you saw?

A. Yes.

Q. You were aware of what was being offered?

A. I may not have been aware of everything, but I was aware of most of the things.

Q. Were there a number of companies who offered for sale lamp poles after you had announced to the public the Stiffel Lampole?

A. Yes, sir.

Q. Did they have anything to do with the publication of the notice which was printed in the Lamp Journal?

A. Yes, sir.

Q. At the time that that notice was inserted in the Lamp Journal, the two patents in suit had been issued, is that correct?

A. Yes, sir.

Q. In that way, you called it to the trade's attention?

A. That was the intention.

[fol. 62] Q. When did you first learn of the Sears, Roebuck and Company offering for sale pole lamps?

A. When their catalog came out. I believe it was 1957.

Q. Was that brought to your attention?

A. Yes, sir.

Q. At that time what happened down in Greensboro, North Carolina, if you know, so far as obtaining the lamp or evidence of sale?

A. I requested our southeast salesman to purchase the lamp, the pole lamp made by Sears that we felt was copied from our pole lamp.

Q. Is that the lamp marked Plaintiff's Exhibit No. 10?

A. Yes, sir.

Q. Did you get that, then, from your salesman?

A. Yes. The salesman shipped it to us and he got it from Sears Roebuck.

Q. Now, it was shortly after that that the suit was filed in Greensboro, was it not?

A. I believe so.

Q. And the suit was filed in Greensboro in 1957?

A. I believe that is correct.

Q. At that time, did you know who manufactured the Sears lamps?

A. I found out who manufactured the Sears lamp because I took the label off the carton the Sears pole lamp came in.

Q. Was it at that time you learned of Randolph Metals?

A. That is how we learned who the manufacturer was.

Q. Now, in the suit in Greensboro, were you told at that time that Randolph Metals was defending the case?

A. No, sir.

Q. When did you first meet Mr. Stein?

A. I never met Mr. Stein until a meeting in your office, I believe, during the deposition.

[fol. 63] Q. And Mr. Stein was the president of Randolph Metals, was he not?

A. I think that is correct.

Q. Now, at the time that you got this pole, Exhibit 10, from your salesman, did it have any labels or tags on it that you took off?

A. Everything that came with the pole, I have. There is an envelope in my folder, the folder on the desk there (indicating).

Q. This one (indicating)?

A. Yes, sir.

Q. I don't know what is in here. Was there any label in there that was on the lamp?

A. The only label that was inside was a sheet of instructions which I presume was intended to show the customer how the item went together. There was no other tag on the pole.

. . . . . .

Q. There were these assembly instructions, were there?

A. Right.

Q. Was there any other label in any way attached to the lamp?

A. There was a—I don't think anything else was attached to it. I do have some papers here that relate to that purchase.

Q. Let me just see what they are. Shipping records, receipts—

A. Here is a receipt that was given to our salesman who paid for the item.

• • • • • • •

Q. You don't know what the salesman said when he bought the lamp, do you?

A. No, sir.

[fol. 64] Q. You produced a receipt here. Is that the one that was sent you with the lamp?

A. Yes.

• • • • • • •

Whereupon, the assembly instruction sheet referred to by the witness was marked and offered in evidence as Plaintiff's Exhibit 17 and objection to it was sustained. The receipt identified by the witness was offered and received in evidence as Plaintiff's Exhibit 18.

The witness further testified that at the show where the Stiffel Lampoles were displayed by plaintiff, he saw Mr. Vallette and Mr. Stover, both representatives of Sears, Roebuck and Company, and that they were in the Stiffel showroom. At that time, Sears was not offering for sale any pole lamps.

• • • • • • •

[fol. 65] Cross examination.

By Mr. Freeman:

Q. I am going to give you a 1958 catalog which is Plaintiff's Exhibit 8 and I will give you my copy. Put a pencil X on the items which were included in the $859,000.00 total which you gave us a moment ago, for your sales in 1958. Have you done that?

A. Yes, sir.

Q. About how many Lampoles were included in the overall volume, dollarwise?

A. In that year?

Q. Yes.

The Court: How many items did he encircle?

Mr. Freeman: Four, eight, twelve, sixteen, twenty—a quick glance is twenty.

The Witness: I can't tell you the exact number of items. I can approximate it.

By Mr. Freeman:

Q. Well, will you give it, please?

A. I would say it would run around 35,000.

Q. That would, then, be at an average price of about twenty-five dollars or so, is that correct?

A. Somewhere around that.

Q. At your selling price of twenty-five dollars?

A. In that area, yes, sir.

[fol. 66] Q. At what do you sell the lamp that you have here, Plaintiff's Exhibit 3?

A. $21.50.

Q. And the Sears slip that we have here is one that has a $21.95 price, correct?

A. Yes.

. . . . . .

Q. I am going to ask you, with respect to Plaintiff's Exhibit 18 which comprises two sheets and which I agree to admit because it is on a Sears envelope or a Sears letterhead or invoice head, and I notice that on the second sheet that is fastened on, the sales number is 580 and the sales number on the top sheet is No. 1039 and the two prices for the merchandise are different. I am going to ask you whether or not those two sheets were fastened together when you received them or did you fasten them together?

A. No, sir. I fastened them together. These came separately.

Q. Isn't it a fact that there are two different sales there?

A. We made two purchases.

Q. Well, which one applies to the one that we have here?

The Court: Do you know of your own knowledge?
The Witness: Yes, sir, I do.

• • • • • • •

The one that is represented here is the one that was picked up and sent to us by our salesman.

The Court: And that is the second sheet?
The Witness: That is the one that was priced at $20.35.

• • • • • • •

[fol. 82] FRANK C. STOVER was called as an adverse witness by plaintiff and testified:

That he is fifty-two years of age, resides at 730 Waldon Road, Winnetka, Illinois and is head of a national buying department for Sears, Roebuck and Company, the department being that which among other things buys lamps for Sears. He held that position a little over eight years. Intimate knowledge of particular items of lamps is more under the direction of Mr. Vallette, the buyer. The department is known as Department 621 of Sears.

[fol. 83] He further testified:

• • • • • • •

Q. You were familiar with the fact that lamps of the pole type and generally as exemplified, among others, as Plaintiff's Exhibit 10, were purchased by Sears, Roebuck and Company?

A. Yes, sir.

Q. Now that originated, did it not, as a result of a memorandum which you sent to Mr. Vallette?

A. I can't say, sir, that it originated as a result of that. Mr. Vallette probably or possibly knew about their development simultaneously and was already working on them. That I couldn't say for sure.

Q. I show you a document which was marked during your deposition examination, and it comprises three sheets which were all identified as Plaintiff's Exhibit 1 of the deposition.

As I understood the matter, you sent a memorandum to Mr. Vallette dated August 8, 1956, did you not?

A. Yes, sir.

Q. In that memorandum, or attached to that memorandum was a page from a magazine.

A. Yes, sir.

Q. In the memorandum you said, "Possibly you will remember my speaking to you about a possible place for a Deca-pole type of bullet tree for use in modern houses. I see somebody has come out with such a lamp. If you are interested you could probably find out who makes it by writing to the publisher of the magazine attached," did you not?

A. Yes, sir.

Q. That was sent to Mr. Vallette?

A. Yes, sir.

[fol. 84] Q. Now, the magazine attached, at least the page to which you made reference, is attached also, and is one which apparently you received at your home.

A. Yes.

Q. And the page which you referred to, is pencilled—it has a photograph, and a comment about floor lamps with flair, does it not?

A. Yes, sir.

Q. And it refers to the very latest in lighting, baseless Lampole?

A. Yes, sir.

Q. That was the particular pole lamp which you referred to, was it not?

A. I didn't refer to any particular one, Mr. Horton, in the note.

Q. You said,—

A. The Deca-pole type. I see somebody has come out with such a lamp. "If you are interested you can probably find out who makes it."

Q. "By writing to the publisher of the magazine attached."

A. Yes.

Q. And the magazine attached, this was the sheet to which you referred?

A. Yes.

Q. And that contains only one illustration of a pole type lamp, does it not?

A. Yes.

The Court: Does it indicate whose Lampole it was?

Mr. Horton: Other than it uses the trade-mark of the Stiffel Company.

The Witness: It doesn't indicate it is a trade-mark, Mr. Horton. Pardon me.

[fol. 85] By Mr. Horton:

Q. Well, I don't want to argue with you, but it is in capital letters.

A. I didn't realize it was a trade-mark at the time.

Q. That was sent to Mr. Vallette?

A. Yes.

Q. And you received in reply to your note, this attached note of August 21, 1956, did you not?

A. Yes.

Q. In that note Mr. Vallette said to you:

"This refers to your note of August 8th, and the attached magazine showing a Deca pole bullet tree lamp. Last week while at Randolph, we worked out eleven new modern numbers, among which is a Deca pole lamp. We shopped competition and it is our opinion that we can create an attractive, as well as competitive item of this type."

That is the way you got that note from Mr. Vallette?

A. Yes.

Q. These are the copies of the papers which you produced for me, are they not?

A. Yes.

* * * * * * *

Whereupon, the memorandum of August 8, 1956, the attached magazine page and the attached note dated August 21, 1956 were respectively marked Plaintiff's Exhibits 21A, 21B and 21C and offered and received in evidence.

The witness testified further as follows:

Q. In this reply from Mr. Vallette, he does not follow your suggestion, at least of stating who makes the lamp published in the magazine, shown in the magazine. Did he ever tell you that he had ascertained who the owner was?

A. No, sir.

[fol. 86] Q. Who was Randolph?

A. Randolph Metal Works of Philadelphia, a supplier of ours.

Q. And Randolph Metal Works made lamps generally for Sears, did they not?

A. Yes.

Q. Prior to the time of your note of August 8th, 1956, Sears had not sold any of the pole lamps as exemplified by Exhibit 10, had they?

A. I am not certain of that. I think it is a reasonable assumption that they had not.

Q. Well, I thought you did agree with me that the lamp, Exhibit 10, that type of lamp was the first one which was manufactured for Sears, Roebuck?

A. No, sir, I didn't because I don't know that to be true.

The Court: I think he has answered. It is a fair assumption that it is so.

By Mr. Horton:

Q. Of these items, which were referred to by Mr. Vallette, as working out eleven new modern numbers, among which is a Deca pole lamp, only one of those was actually a pole lamp, was it not?

A. I don't know that, sir.

Q. I thought you said you did.

A. Only one of the eleven new numbers?

Q. Yes, I understood of the eleven he referred to, that there were ten other kinds of lamps, and one of the pole lamp.

A. I don't know that to be true.

Q. All right, I will ask him. After getting lamps from Randolph, they were placed in your catalog, were they not?

A. Yes, sir.

[fol. 87] Q. How do your individual stores buy the lamps? Do they get them from Sears or do they get them from the manufacturer?

A. They order them directly from the manufacturer using a separate catalog than the one that is generally known to the public.

Q. They have a store catalog?

A. A specially prepared retail list.

Q. Different than the mail order catalog?

A. Yes, sir.

Q. If it is in that catalog they know where to procure it, do they not?

A. Yes, sir.

Q. That tells them the manufacturer and the price?

A. Yes.

Q. And details about the structure to some extent?

A. Yes.

Q. Then, after you have seen the product—after it comes in you see the product, do you not?

A. Not always, no. Sometimes I do.

Q. Well, in the instance of the lamps made by Randolph, of the pole lamp type, you did see them, did you not? You saw some of them.

A. Yes, oh, yes. At one time or another.

Q. On October 13, 1959, you wrote a memorandum to Mr. Vallette, did you not?

A. Yes.

Q. Saying:

> "Not only the five sections, but the very loose fit of the bottom screw makes Randolph pole lamps very wobbly."

A. Yes.

Q. And you sent that to Mr. Vallette?

A. Yes.

[fol. 88] Q. Then you got a reply on that from Mr. Vallette,—

The Court: Wobbly, did you say?

The Witness: Yes.

By Mr. Horton:

Q. (Continuing) —dated November 18, 1959, in which he says, he refers to your note of October 13th and says:

"Randolph has been working to improve their poles," and he says what they are doing. He is going to show you a sample of that when he returns from his present trip. Is that correct?

A. Yes.

Whereupon, the memorandum of October 13, 1959 and the reply of November 18, 1959 identified by the witness were offered and received in evidence as Plaintiff's Exhibits 22-A and 22-B, respectively.

The witness further identified a letter dated June 9, 1959 received from Randolph Metal Works referring, among other things, to a tree lamp, the letter being offered and received in evidence as Plaintiff's Exhibit 23.

The witness stated that he does understand what a tree lamp is as mentioned by Mr. Stein in the letter and that it is "not a floor to ceiling lamp". The witness further testified:

Cross Examination.

Q. In asking you about your records about dealings between Sears and Randolph Metal Works, you produced relatively few documents. I think we marked six of them. There may have been a dozen altogether.

I think you told me that the records insofar as they remain in existence pertaining to that matter would be more likely had by Mr. Vallette.

A. Yes, sir. He is more intimately charged with the [fol. 89] conduct of the lamp business, the lamp part of our business.

Q. Now, you know now, do you not, that the word Lampole—that is spelled as one word with a capital "L"—is the registered trade-mark of the Stiffel Company, do you not?

A. Yes.

Q. I understand that you did not so know that it was a Stiffel trade-mark at the time you wrote this memorandum of August 8th, 1956?

A. Yes, sir. That is correct.

Q. Now, when did you first see the Stiffel Lampole product?

A. I can't place it accurately. I certainly must have seen it. I don't know, sir. I just can't—

Q. Well, I understand you to be a little vague as to which shows you went to.

A. Yes, sir.

Q. But, at least you did attend shows at the Merchandise Mart where the lamps were displayed?

A. Yes, sir.

Q. And you did, at one of those shows, go into the Stiffel showroom or booth, or whatever it was?

A. Yes.

Q. And looked at the lamps that were shown and talked to some of the people there, but I think now you aren't sure whether that was 1956 or whether it was 1957 or possibly even some other year?

A. That is correct. I am not sure.

Q. But you did regularly go to those shows?

A. Yes. There have been some seventeen since I have been on this assignment and I think I may have gone to twelve or thirteen of them. They were semi-annual shows, of course.

[fol: 90] Q. It did come to your attention that pole lamps were a hot item, so to speak?

A. Yes, sir.

Q. It was after that that Sears entered into the sale of such items as Plaintiff's Exhibit 10, specifically, isn't that true?

A. Not precisely, sir. If I may state our position a little more exactly, we watched the advent of pole lamps into the home decorating market and did not go in for them, did not carry them at first because they were used exclusively by or pretty exclusively by high style decorators.

We were watching to see if they ever became a product that would sell to a mass market and when we saw it was

moving in that direction, we moved into them before they got hot.

Q. Well, that was in the fall and winter of 1956, wasn't it?

A. I would think, from these references, it was somewhere in that time, in 1956.

Q. Now, did you have any meetings with Mr. Stein relative to the production of pole lamps for Sears?

A. I don't think so. I believe that all of that was handled by Mr. Vallette.

Q. And you did have—

A. I would normally not have meetings with Mr. Stein except on the general subject of manufacture and supply.

Q. You did meet with Mr. Stover in Philadelphia at one time, or Mr. Stein, did you not?

A. Oh, yes.

Q. And for the purpose of discussing pole lamps, perhaps, among other products?

A. I can't remember meeting in Philadelphia or anywhere else for the express purpose of discussing pole lamps, but we discuss all of our business whenever we do meet and it is quite likely that we did.

[fol. 91] Q. Well, Mr. Stein had referred to you, in a letter, about a meeting which you had with him in Philadelphia at which you had discussed retailing a Deca pole at Ward's price and still make money.

Do you remember that?

A. No, I don't remember. I am sorry.

Q. If you had that meeting, you do not recall when it was, is that true?

A. That is true.

Q. That meeting was, however, after Randolph Metal Works had started to manufacture pole lamps for Sears, was it not?

A. Well, I don't recall the meeting, but it would follow chronologically, that it would be.

Q. Just to refresh your recollection on this, I asked you, and isn't it true, I said:

> "What did you discuss with Mr. Stein at that meeting in Philadelphia?"

A. Yes.

Q. And you said:

"We discussed the effects of a larger volume production on his overhead costs and the part that making a very low price in large quantities would play on reducing the overhead costs."

A. Yes, sir.

Q. Now, that was, as you had said, relative to pole lamps in one sense in competition with Ward's, isn't that true?

A. Well, if I said it in the deposition, it is true. I don't remember it now.

Q. Well, you did make that answer, didn't you?

A. All right. O.K.

Q. And I asked you—maybe I will ask you again: Who is bearing the expense of this litigation?

[fol. 92] A. Randolph Metal Works.

Q. And has Randolph Metal Works agreed to indemnify Sears, Roeback and Company for any damages incurred?

A. Yes, sir.

Q. As I understand, it is your understanding, at least, that Randolph Metal Works is paying for the cost of the litigation, except of course, the expenses of the Sears personnel who have been involved in this case?

A. Yes, sir.

* * * * * * *

[fol. 93] ROBERT M. VALLETTE was called as an adverse witness by plaintiff and stated:

That he is fifty years old, resides at 338 South East Avenue, Oak Park, Illinois and that he is the buyer of portable lamps at Sears and has been so occupied for approximately seven years and was buyer in 1956.

He further testified:

Q. In saying you are the buyer of portable lamps, you distinguish between portable lamps and fixtures?

A. I do not buy fixtures, so-called.

Q. Electrical fixtures are in a different department than portable lamps, aren't they, at Sears?

A. That is correct.

Q. And you received this memorandum from Mr. Vallette—from Mr. Stover, excuse me, Plaintiff's Exhibit 21-C, did you not?

A. Yes, I did.

Q. Attached to that was the page from the magazine, Exhibit 21-B?

A. That is correct.

Q. Speak up so the reporter can hear you.

A. Yes.

Q. And you replied to that memorandum by this memorandum of Plaintiff's Exhibit 21-A, did you not?

A. Yes.

Q. Now, in connection with that, did you make any attempt to learn who was the manufacturer of the lamp referred to as the Lampole in the document, Plaintiff's Exhibit 21-B?

A. No.

Q. Now, Mr. Stover had suggested that you could probably find out who makes it by writing to the publisher of the magazine attached. You did not do that?

[fol. 94] A. I did not.

Q. You did, however, take this catalog sheet, or, rather, the magazine sheet and you went to Philadelphia, did you not?

A. I am not certain that I took that, because of the time. I think I may have gotten that when I came back. I am not sure. I am not sure about taking it to Philadelphia.

Q. Well, in your memorandum of August 21st, that is, it was in reply to Mr. Stover's memorandum of August 8th. It says so.

A. It is possible I could have taken it.

Q. What?

A. It is possible that I could have taken it, yes, sir.

Q. In this memorandum you say that you were at Randolph's last week. Now, that was the Randolph Metal, Inc., was it not?

A. Yes, sir.

Q. In Philadelphia?

A. That is correct.

Q. And you say that you then had a meeting and "we worked out eleven new modern members, among which is a Deca pole lamp."

Who did you mean by "we"?

A. Mr. Stein and Mr.—his partner and myself.

Q. Of those eleven members, isn't it true that just one of them was a pole lamp?

A. That is correct.

Q. Now, the pole lamp which you worked out at that time was the design which resulted in the lamps like Plaintiff's Exhibit 10, isn't that true?

A. That is correct.

Q. Now, before Sears sold the poles like Plaintiff's Exhibit 10, it had not theretofore sold any pole lamps, isn't that true?

[fol. 95] A. That is true.

Q. Now, you did attend the shows, did you not, of the lamp trade?

A. Yes.

Q. Did you not see pole lamps at the 1956 show?

A. I must have, of course.

Q. And you did go to see the Stiffel exhibit among others, did you not?

A. I am not sure whether it was the winter show or the summer show.

Q. When is the winter show?

A. In January.

Q. Of 1955, 1956, or the spring of 1956?

A. I am talking about 1956, in 1956. I am not positive.

Q. There is a winter show. That would have been when, in the early part of 1956?

A. January.

Q. Anyway, in one of those times, in 1956, you did attend that show?

A. I am quite certain I did, sir.

Q. You were aware, were you not, of the successful showing and desire, buying desire for pole lamps in the fall of 1956, weren't you?

A. Could you word that again, please, sir?

Q. Well, I say, in the fall of 1956, you had followed this market enough so that you knew that pole lamps were, as I said to Mr. Stover, a hot item. Isn't that true?

A. They were becoming interesting. That is part of it.

Q. So interesting that Sears decided to sell them, isn't that right?

A. That is correct.

Q. You went to Randolph as the first source of supply whom you approached, isn't that right?

A. That is correct.

[fol. 96] Q. Now, when you approached Randolph, Randolph was not, at that time, making any pole lamp, was it?

A. No, they were not.

Q. And the first pole lamp which they worked out or worked out with you and sold to Sears was the lamp like Exhibit 10.

A. That was the result.

Q. Now, did you, thereafter, buy pole lamps of various designs and types from Randolph Metals?

A. Yes.

Q. When did you commence to buy pole lamps from a source other than Randolph?

A. I actually wouldn't be able to give a date on that, sir. It is not in my mind as to what the date was.

Q. It was some considerable time after you had started with Randolph, was it not?

A. I just can't make a statement on that. I don't know.

Q. All right.

A. It wasn't premeditated.

Q. Now, on the lamp which you do obtain from Randolph and for Sears, you have asked that he obtain U. L. approval, haven't you?

A. On some lamps.

Q. And so far, there has not been U. L. approval on the lamp, has there?

A. There has been, sir.

Q. When did that occur?

A. I don't know the exact date of that.

* * * * * * *

Q. What is meant by "U. L."?

A. U. L. means Underwriters Laboratory approval.

Q. Now, Underwriters Laboratory is what kind of a company?

A. It is, to my knowledge, a non-profit organization setting up requirements for electrical products.

[fol. 97] Q. For safety standards?

A. Yes.

Q. For safety standards?

A. Yes.

Q. It is located in Chicago?

A. It is located all over the country.

Q. When we took your deposition, I asked you this, and you made the following answers, didn't you:

> "Q. In the complete lamps that you obtain from Randolph of the pole type, you have asked that he obtain UL approval, have you not?
>
> "A. Yes, sir. By UL you mean Underwriters Laboratories, don't you?
>
> "Q. That is right. And so far Randolph has not been able to get that approval, isn't that true?
>
> "A. No."

Didn't you make that answer and weren't you asked those questions?

A. I was asked those questions, and I am just wondering how the "no" applies there. Did they get approval or not. Let's get that straight. It depends what time you are talking about, what year.

Q. That was the time the deposition was taken, this year.

The Court: He says no. It is the same as his present testimony.

Mr. Horton: He says that they have not obtained approval.

The Witness: No.

The Court: That isn't as I got it.

By Mr. Horton:

Q. Well, what is your present testimony? Have they obtained Underwriters Laboratory approval?

A. Yes.

[fol. 98] The Court: He said they have recently.

By Mr. Horton:

Q. When did they obtain that approval?

A. I believe it was several years ago because there wasn't any approval possible before that on any pole lamp.

Q. All right. Didn't I ask you this question, and didn't you make this answer:

"Q. Many of the pole lamps which you sell and which you obtain from Randolph do not have UL approval.

"A. That is correct."

Didn't you make that answer?

A. There are some that are not UL approved, that is correct.

Q. Wasn't that answer true at the time you made it?

A. Yes.

Q. Are there some lamps made for you by Randolph that do not have Underwriters Laboratories approval?

A. That is correct.

Q. As a complete lamp?

A. That is correct.

Q. Is that true of the lamp which is marked Plaintiff's Exhibit 10?

A. No, it is not.

Q. When you were in my office, I asked you, did I not, if you knew who made that lamp, Exhibit No. 10, and you said that judging from it being in my office you thought it was made by Stiffel.

A. That is correct.

Q. And I told you it was one made by Sears, and you then looked at it and said it was made for Sears. Is that correct?

A. Yes, sir.

Q. Do you recall when the suit was filed against Sears down in Greensboro, North Carolina?

[fol. 99] A. Yes.

Q. Did you give some instructions to Randolph Metal Works at that time relative to the lamps like Exhibit 10?

A. I did.

Q. What did you tell them?

A. I believe he had an order for Greensboro and I told him not to ship it to Greensboro.

Q. Did you produce for me some letters which I marked for identification during your deposition, and one was a letter dated October 31, 1957 from Randolph Metal Works, was it not?

A. That is correct.

Q. In which he said—this was addressed to Miss Kay Stuelpnagel and she is in your department at Sears, is she not?

A. Yes.

Q. In that, Mr. Stein said, "As per phone conversation we have cancelled two No. 7060 on purchase order number, for Greensboro." Is that correct?

A. That is correct.

Whereupon the letter of October 31, 1957, was offered and received in evidence as Plaintiff's Exhibit 24.

The witness stated that shipment of the lamps like Exhibit 10 was discontinued as to the Greensboro store only on the day of the letter Plaintiff's Exhibit 24 and that, shortly after that, defendant discontinued shipment of that number to its retail stores. Eventually, Sears asked Randolph Metal Works to remove the handle and by that meant removing the walnut handle or wooden handle on each lamp shade. The letter of October 31, 1957 from Mr. Stein of Randolph Metal Works to Sears was produced, in which Mr. Stein stated:

> "As per phone conversation had with you today, we [fol. 100] are eliminating the walnut handles on No. 7060, our 724 Deca poles for retail only, to take effect at once. The bullets that we have on hand with the two holes to insert the handles will be plugged with a metal cap * * *. We will continue to ship the 7060 for the fall general catalog with the walnut handles. However, these handles will be eliminated for the 1958 spring general catalog at which time No. 7095 will be assigned."

Such changes to be made were in accordance with Mr. Vallette's understanding. The witness further stated that after the suit had been filed, further shipment of the lamp with the handles, wooden handles on to Greensboro, was discontinued. Shipment, however, was continued to other places, and until the 1958 general catalog would be made up and distributed. The witness stated that he believed the handles were discontinued in shipments to the retail stores right away.

The letter from Mr. Stein dated October 31, 1957 was offered and received in evidence as Plaintiff's Exhibit 25.

What happened was that Mr. Stein did immediately stop shipment of the No. 7060 lamp like Plaintiff's Exhibit 10 to Greensboro with the walnut handles and sometime after that he discontinued shipment of such lamps with the walnut handles to retail stores. He continued to ship them for catalog orders until the change would be made in the 1958 catalog. As to those from which the wooden handles were removed, brass plugs were placed in the shade to fill up the holes where the handle attachment appeared. That was the only change that was made in the No. 7060 lamp at that time. The lamp No. 7095 assigned for the 1958 general catalog was the same pole lamp exactly as the No. 7060 with the exception that it did not have the handle on the [fol. 101] shade. The witness stated that he from time to time ordered lamps directly from Randolph and directed that they be sent to various locations. He produced a copy of a Memorandum dated February 16, 1959 asking Randolph Metals to send samples of a list of lamps to Roller Lamp Company in Los Angeles. He wanted the samples to be sent to Roller Lamp Company so that it could duplicate particularly for the West Coast area the lamps which were being made for Sears by Randolph. That list included some lamps which were not pole lamps and also included a number of pole lamps listed and referred to in the Memorandum.

Whereupon, the Memorandum of February 16, 1959 was offered and received in evidence as Plaintiff's Exhibit 26.

The witness further testified that on November 19, 1958, he sent an order of similar type to Randolph but asking

that certain samples be sent to various stores of defendant at a number of locations in the United States and that he there asked that they send a sample of "our low end pole, Stock No. 74000." By "low end" he referred to the price points as they spoke of "low end, middle, or high price points on a given line of products."

As to whether such would refer to a low price or the lowest price or in the low end area, he stated that it referred to "a low end area price point" and the number 74000 was a stock number of a pole in that area. That was an area below the price at which the No. 7060 (Plaintiff's Exhibit 10) was sold.

Whereupon, the Memorandum of November 19, 1958 was offered and received in evidence as Plaintiff's Exhibit 27.

Q. At that time that you worked there with Mr. Stein to work out the first pole lamp sold by Sears, No. 7060, which is exemplified by Plaintiff's Exhibit No. 10, what did you have to show Mr. Stein as to the style and design which you wanted for Sears?

[fol. 102] A. We just talked Deca pole lamps because we knew what they were. To my knowledge I didn't show him anything.

Q. You did not at that time have a Stiffel lamp?

A. No, sir.

Q. Did you show him this page which you had received from Mr. Stover?

A. I don't believe I did. It is possible, however, that I did; I don't remember.

Q. Did you call his attention to the lamps shown by Stiffel at the 1956 show?

A. We didn't talk about any particular pole lamp at the time. We just talked about pole lamps, Deca pole lamps.

Q. You like, I know, to talk about Deca pole lamps.

A. Pole lamps.

Q. But, you also do generally refer to those as pole lamps also without using the word Deca, don't you?

A. We use both terms.

Q. You sometimes say Deca pole and sometimes you say pole lamp, don't you?

A. We use both terms.

Q. You do not distinguish, so far as structure is concerned. This lamp, Plaintiff's Exhibit 10, now isn't that a pole lamp? Don't you so understand it?

A. It is a pole lamp, yes.

Q. And you sometimes so refer to it, do you not?

A. We do.

Q. And sometimes you refer to it as Deca pole lamp?

A. That is correct.

Q. When you do that you are still talking about the same lamp?

A. That is right.

Q. When you saw the first sample of the pole lamp, or the Deca pole, I don't care what you call it, Exhibit 10, [fol. 103] that was produced for you by Randolph, did you then know what the Stiffel poles were?

A. I had seen them, yes, sir.

Q. At the time you got that sample from Randolph did you look at this memorandum again and the photograph shown in the magazine page?

A. No, I didn't.

Q. It did not occur to you to look to see whether that was the same or not?

A. No, I didn't.

* * * * * * *

In response to question by the court, the witness stated that as to Randolph Metal Company agreeing to "underwrite this litigation," such agreement "is on our purchase orders * * * On every purchase order * * * in '56 * * * *" on all Sears' work. He stated that Randolph Metal Works underwrites Sears being held immune of any expenditures for litigation of this kind and there was no specific agreement with respect to this particular item.

The witness stated that the defendant procures lamp poles from other companies than Randolph Metal, including Universal Electric Log Company in Chicago, Richards Manufacturing Company in Los Angeles, Roller Lamp Company in Los Angeles, and Sheridan Industries in New York. As to each of such companies, Sears started buying lamps from them after it had been buying lamps from Randolph. Sheridan Industries and every source sells lamps

to Sears on a purchase order containing the same indemnification agreement as is true with respect to Randolph Metal Works. In each instance as to pole lamps purchased from these other sources of supply than Randolph, the manufacturers have agreed to hold Sears harmless for their production. Randolph has not agreed to hold Sears harm-
[fol. 104] less for instance for lamps manufactured for Sears by Roller Lamp Company. That would be a burden of Roller and the same is true with respect to the other companies. The witness testified that on January 3, 1958, he advised Mr. Stein that at that time Sears was discontinuing the model 7060 and would replace it with the model 7095. Attached to the letter of January 3, 1958 containing such notice is a letter from Randolph Metal Works dated January 15, 1958 acknowledging discontinuance of the No. 7060 to be replaced by the No. 7095. In that letter, Mr. Stein stated that:

> "We are putting buttons on the holes that were formerly used for handles."

The No. 7095 was the same as the No. 7060 except that the handle is removed and buttons replaced in those holes.

Whereupon, the letter to Mr. Stein of January 3, 1958 was offered and received in evidence as Plaintiff's Exhibit 28-A and the letter in reply thereto of January 15, 1958 was offered and received in evidence as Plaintiff's Exhibit 28-B.

The witness stated that the first time Sears illustrated the pole lamp in its catalog was in the fall of 1957.

HARRY S. STEIN was called as a witness by the plaintiff:

Objection to calling him as an adverse witness was sustained.

Mr. Stein testified that he resides at 236 Stacey Road, Penn Valley, Norberth Post Office, Pennsylvania, that his age is forty-three and that he is president of Randolph Metal Works, Inc., of Philadelphia, which company has
[fol. 105] been in business for approximately fifteen years.

The witness stated that he is a C.P.A. and a graduate of the Wharton School of the University of Pennsylvania.

While he was in school, he started at the predecessor of the present Randolph Metal Works which was a partnership at that time, his partner being Mr. Terrnova. That business was commenced in about 1944 and was subsequently incorporated and is now a corporation. Mr. Stein and Mr. Terrnova are substantially the owners of that company. The company had been making lamps for the Sears Company prior to August, 1956 and in August of 1956, Mr. Vallette came to the Randolph place of business in Philadelphia to talk about lamps. To the best of the witness's recollection, he probably talked about pole lamps at that time. Prior to that meeting, Randolph Metal Works had not manufactured pole lamps but, after the meeting, it then made up some pole lamps for submission to Sears.

The witness identified Plaintiff's Exhibit 10 as a product of Randolph Metal Works and stated that the first sample lamp of that design was made by Randolph in the latter part of 1956 and it was a sample of that character made for Sears. It had not previously made any pole lamps for Sears. The lamp Plaintiff's Exhibit 10 was illustrated in Sears' catalog starting in 1957.

Q. Now, at the time that that lamp was made up for you, a sample for Sears, what did you have before you—any illustration or example of a Stiffel pole?

A. No, sir.

Q. That it was like or had characteristics like Exhibit 3 was just happenstance?

A. I beg your pardon?

Q. That was just happenstance, that is, the fact that it looks like Exhibit 3, this other pole was just a matter of happenstance?

[fol. 106] A. No, sir.

Q. Did you have any Stiffel literature or had you seen a Stiffel lamp pole at the time you made up the sample for Plaintiff's Exhibit 10?

A. No, sir. The poles were on the market, sir.

Q. Stiffel poles?

A. Other poles; not Stiffel.

Q. Well, did you order another pole that was a sample?

A. No, sir, but, that was a standard part on the market, the pole itself.

Q. Oh, no. Now, you are not telling me that there was a lamp like Plaintiff's Exhibit 10 that was a standard on the market other than as made by Stiffel?

Mr. Freeman: I am going to object to that question as strictly argumentative. He shouldn't argue with the witness.

Mr. Horton: We have a right to—

The Court: He may answer. He has the right to go into it. Can you recall any company, any company's label or name in any one of these lamp poles that you are referring to?

The Witness: I think Argo were the ones that were on the market at the time. I am not sure.

By Mr. Horton:

Q. Did you have an Argo lamp before you at the time you made up the design in Plaintiff's Exhibit 10?

A. No, I did not have an order, but, I have seen them. I have seen lamps that I thought were Argo, I am not sure. But I have seen them.

Q. Do you know whether they were Stiffel's or not?

A. No, I wouldn't know.

The Court: When was it?

The Witness: I would say the end of 1956.

Q. That was when you saw this lamp and you don't know whether it was Argo's or someone else's?

[fol. 107] A. I have seen many of them, not just one—I have seen different designs.

Q. That was when you first saw it?

A. Yes.

Q. Near the end of 1956?

A. I would say approximately, yes.

The Court: Can you think of any other name?

The Witness: Offhand, I wouldn't know, because most of these lamps do not have labels on them and I wouldn't be able to identify them.

The Court: You don't know of any other lamp?
The Witness: I can't think of any offhand.

By Mr. Horton:

Q. In 1957, were you aware at the time that suit was filed against Sears by the Stiffel Company?
A. Yes.
Q. That was brought to your attention?
A. Yes, sir.
Q. You made some change in lamps, particularly that were sent to Greensboro at that time, did you not?
A. Sent to Greensboro?
Q. Yes.
A. Not particularly Greensboro. I think it was throughout the country. In other words, we didn't single out Greensboro, if that is what you mean.

* * * * * * *

Q. On October 31, 1957, you had a telephone conversation with Miss Stuelpnagel of Sears, Roebuck Company, did you not?
A. I assume I did, if that is what the letter says.
Q. You told her that you were cancelling a purchase order on Lamp No. 7060 for Greensboro?
A. Yes, sir.
Q. At that time?
[fol. 108] A. Yes, sir.
Q. Now, on the same day, you wrote a letter to Miss Stuelpnagel, on October 31, 1957, and said that you were eliminating the walnut handles on the 7060 lamp for retail only?
A. Yes.
Q. Is that right?
A. For the entire chain, yes.
Q. For retail only, though?
A. Yes, sir. That's right.
Q. You did not, at that time, make any change of the walnut handle on the lamp for the mail orders, did you?
A. No, sir, because the fall journal was just about expired at that time.

Q. You were not going to make that change until the 1958 catalog came out, is that true?

A. Yes, but so far as we are concerned, that comes out in 1957. The 1958 book, so far as the orders are concerned, comes out in 1957. We received orders about a month after this letter.

Q. That would be in November?

A. Approximately, yes.

Q. Did you not ship 7060 lamps with handles on them after November of 1957?

A. We might have shipped some, yes.

Q. And when the spring catalogs for 1958 came out, you eliminated, there was eliminated from that catalog the illustration of the No. 7060, wasn't there?

A. Yes, sir.

Q. There was substituted a cut of the Model No. 7095, wasn't there?

A. Yes, sir.

Q. Now, the 7095 was exactly the same as the 7060 without the handle on the mantle, isn't that right?

A. Yes, sir.

[fol. 109] Q. Now, at the time of your deposition, you told me that Mr. Freeman was your attorney, did you not?

A. Yes, sir.

Q. That he was representing you?

A. Yes, sir.

Q. You told me, did you not, that your company was paying for the defense of this litigation?

A. Yes, sir.

Q. Now, at the time of your original meeting with Mr. Vallette to work out the design of the first pole lamps which you manufactured for Sears, were there any papers or documents which passed between you or which were made up at that time?

A. Not to my recollection.

Q. You told me that if you had any, such records and papers had all been destroyed, isn't that correct?

A. Yes, sir.

Q. I think you told me that you had destroyed substantially all the papers, at least up until the suit was commenced. Isn't that correct?

A. Yes. I told you that general correspondence, we had destroyed those; in all the years we had been in business, we had never been sued or had sued anyone and we felt there was just no need to keep it. We didn't know there was any importance attached to correspondence in connection with this trial.

Q. You said also that the correspondence and records for the year 1957 had been destroyed?

A. Yes, sir.

Q. Now, that, of course, included a period after the suit was commenced, didn't it?

A. What we did retain, sir, were the papers we thought were directly connected with the Stiffel matter. Those were retained.

Q. But there were no papers?

[fol. 110] A. Just general correspondence, no.

Q. There were no drawings or preliminary drawings or design papers of any kind relating to the makeup of the first pole lamp for Sears?

A. No, sir, because, in those days we operated on a very informal basis.

Q. Now, during the taking of your deposition the following occurred and I want to know whether you disagree with it in any way.

Mr. Freeman said:

"Mr. Horton, I just want to say that this witness has conceded that in so far as his company is concerned they pay all the expense of the suit."

"So far as you are concerned, Mr. Stein's company is in effect, in control of the suit."

Is that so?

A. Absolutely correct.

Mr. Horton: I submit that he is an adverse witness and that I have the proper right to cross-examine.

The Court: I have no objection.

Mr. Freeman: I am not going to object, because all we want to do is get the facts before the Court. He is not a party to this suit.

Mr. Horton: He is in control of it.

By Mr. Horton:

Q. Now, starting in 1956—well, whenever you first made the pole lamp and thereafter, the pole lamps became a large part of your business, did they not?

A. An important part, yes.

Q. It still is a large part of your business?

A. Yes.

Q. You said, as I recall, that you have sold to some other people than Sears but that represents a minor part of your business?

[fol. 111] A. Sold what, sir?

Q. Pole lamps.

A. We have sold pole lamps to other people, yes.

Q. But it represents a minor part of your business, isn't that true?

A. So far as poles, yes, I would say so.

Q. Substantially, your production of pole lamps has been for Sears, Roebuck and Company?

A. A good portion of it, yes.

* * * * * * *

[fol. 128] CHARLES F. VOYTECH, called as a witness on behalf of plaintiff, testified as follows:

He stated his age is fifty-one, that he resides at 2906 Sheridan Road, Chicago, and that his occupation is patent lawyer. He stated that since 1930 he had been engaged in patent work, that is, in the preparation and prosecution of patent applications, in making searches and in making determinations of validity and infringement. He has also participated in litigation. That has been an activity of his continuously since 1930. He was admitted to practice in the Patent Office in 1933, is admitted to practice law and was admitted in the State of Illinois in 1941.

[fol. 129] Mr. Freeman:

"Your Honor, I will concede that he is an expert qualified to talk about patents."

The witness stated that his offices are at 208 South La Salle Street and the same suite as Horton, Davis & McCaleb, but he is not employed by that firm. He stated

that he has examined the Stiffel patents in suit and then testified as follows:

As to the design patent 180,251, the claim is for the ornamental design shown, generally referring to the figure in the design patent.

The test of infringement of a design patent, as I understand it, is whether the accused device substantially resembles the patented device. In other words, where the one would be substantially taken to be the same as the other.

Considering the structure Plaintiff's Exhibit 10 and comparing it with my understanding of the claim of the design patent, I would say that it is substantially identical with the design shown in the design patent.

Similarly considering the structure Plaintiff's Exhibit 3, it is in my opinion substantially identical with the design shown in the design patent in suit.

* * * * * * *

[fol. 339]

IN THE UNITED STATES DISTRICT COURT

FOR THE NORTHERN DISTRICT OF ILLINOIS

FINDINGS OF FACT AND CONCLUSIONS OF LAW—
January 22, 1962

This matter having been fully tried before the Court, and the Court having read the pleadings filed herein by the respective parties, and the Court having heard and examined all the testimony, documents and exhibits presented by the respective parties and admitted into evidence, and the Court having read, heard and considered the briefs, memoranda and oral arguments submitted by counsel in support of their respective positions, and the Court being fully advised, the Court hereby enters its Findings of Fact and Conclusions of Law as follows:

I. Introductory.

1. This is an action for patent infringement and unfair competition brought by The Stiffel Company, an Illinois corporation, having its principal place of business in Chicago, Illinois, against Sears, Roebuck and Co., a New York

corporation, having its principal place of business in Chicago, Illinois. The defendant also filed a counterclaim for declaratory judgment that the patents involved are invalid and not infringed.

2. Plaintiff is a manufacturer of high-quality portable lamps and Theophile A. Stiffel, its president has been in the lamp business for more than forty years.

3. Plaintiff is the owner by assignment of U. S. Patent No. 2,793,286 for "Lighting Fixtures", issued May 21, 1957 to Theophile Stiffel on a patent application filed January 30, 1956, and containing six claims, and of U. S. Designs Patent No. 180,251 for "Lighting Fixtures", issued May 7, 1957 to Theophile A. Stiffel on a patent application filed [fol. 340] August 22, 1956, and containing a single claim.

4. Plaintiff commenced this suit in the United States District Court for the Middle District of North Carolina, Civil Action No. C-172-T-57, filed October 17, 1957, for alleged infringement of each patent and for alleged unfair competition. The action was removed to this district for trial.

5. Plaintiff alleges infringement of all six claims of Patent No. 2,793,286 and of the single claim of Design Patent No. 180,251, by defendant's lamp models identified as Plaintiff's Exhibits 10, and 29-35, and Defendant's Exhibits 6 and 8.

6. Plaintiff alleges unfair competition in the manufacture and sale by defendant of lamps represented by Plaintiff's Exhibit 10, which are also charged to infringe the patents.

7. Plaintiff proved no earlier date of invention for either patent than the filing date of its application for Patent No. 2,793,286, filed January 30, 1956.

II. Patent Infringement Issues.

(a) Validity of Patent No. 2,793,286.

8. Patent No. 2,793,286 in Claim 1 essentially claims a plurality of sections detachably joined to form a pole which engages floor and ceiling surfaces at its ends, one section

being substantially hollow, a lighting fixture (lamp) mounted on the hollow section, electrical conductors inside the hollow section connected to the lighting fixture, and a spring-urged abutment member extending from one section to engage one of the surfaces and support the pole under compression between the surfaces. Claims 2-6 add details to the construction of Claim 1.

9. Prior to January 30, 1956, and also more than one [fol. 341] year prior thereto, Deca Pole lighting fixtures were made, publicly used, offered for sale, and sold, and were disclosed in printed publications, commencing in 1950.

10. The prior Deca Pole lighting fixtures included all of the essentials elements of the claims of Patent No. 2,793-286. They were constructed of a Deca Pole, which included, inter alia, plural hollow sections detachably joined to form a pole which engages floor and ceiling surfaces at its ends. A spring-urged abutment member extended from one section to engage one of the surfaces and support the pole under compression between the surfaces. The lighting fixtures included one or more lighting fixtures (lamps) mounted on the pole, and they were wired in various ways as suitable for the intended use.

11. The Deca Pole did not employ an adjustable leg as recited in Claim 6 of Patent No. 2,793,286. However, the Deca Pole included a plurality of sections of various lengths for adjusting the height of the pole, which were the equivalent of an adjustable leg. Moreover, adjustable legs for floor-to-ceiling poles were old in the art, as exemplified by:

(a) The S. J. Miller "Lamp Tree" threaded bottom for wedging the pole in place.

(b) Miller U. S. Patent No. 953,425, adjustable threaded leg 5 (figure 6).

(c) Hermant French Patent No. 930,073, adjustable leg 1.

(d) Blisult British Patent No. 242,551, adjustable leg c.

12. In 1953, a Deca Pole lighting fixture, Defendant's Exhibit 55, was assembled by defendant Sears and mounted over the Sears Administration Building entrance to light properly the Christmas Nativity Scene. It was also used to light the Nativity Scene for the Christmas of 1954, and it was used with the Red Cross and Community Fund dis- [fol. 342] plays. It was used where people could see it. This lighting fixture was in storage since 1955, when it was replaced in use by a Deca Pole fixture having one light.

13. The Deca Pole lighting fixture, Defendant's Exhibit 55, was constructed of a standard Deca Pole and three vertically spaced swivel lamps mounted on individual pole "modules" or sections. The modules were rotatable around the axis of the pole for 360°, so that the lamps could be arranged to point in any desired direction. The wires from the lamp sockets extended through swivel joints into the pole, so that no wire was visible. The several wires were joined together within the pole and connected to an electrical conductor which extended down through the pole and out through an opening at the base of the pole. This conductor terminated outside the pole in an electrical plug, for connection to a source of electrical current.

14. Other prior Deca Pole lighting fixtures included:

(a) Deca Poles having a lamp thereon wired through the pole, with concealed wiring except for the cord leading from the base of the pole to an electrical outlet, as testified by Mr. John G. Doran who designed the Deca Pole.

(b) Deca Poles having swivel head gooseneck lamps clamped thereon, with the wire from the lamp extending into the pole through a hole drilled near the lamp. The wire extended within the pole to the base of the pole, and the wire came out at the base and extended to a source of electrical current.

(c) A Deca Pole with an insert module type swivel head lighting unit thereon, having a small size lamp shade. The wire from the lamp extended

through the module from front to back and then extended externally of the pole.

(d) Deca Poles including an "outlet and grounding attachment", SR-50, which included a triple re- [fol. 343] ceptacle and electrical cord leading from the outlet within the pole to the base thereof, and then out the base of the pole to a source of electrical current. A gooseneck swivel head lamp was clamped on the pole, and the electrical cord from the lamp was plugged into the outlet.

(e) A Deca Pole including an "outlet and grounding attachment" was employed with a standard male plug-socket inserted into the outlet and with a light inserted in the socket. The light then came from the pole with no visible wiring, except for the cord at the base of the pole.

15. Prior publications disclosing Deca Pole lighting fixtures include:

(a) "Display World", May 1950, page 18, and "Display World", July 1950, pages 16, 17 and 52, disclosing the Deca Pole employed with electric lamps mounted on the pole with the electric wires concealed within the pole.

(b) Reprint of "Display World", July 1950, pages 16, 17 and 52.

(c) Booklet "Visual Selling", No. 414, January 1952, published by Sears Department 730.

(d) Insert in Booklet 414, "Deca Pole Outlet and Grounding Attachment", April 1954.

(e) Garrison Wagner Co. Broadside No. 40, 1953.

16. Other prior art disclosing pole lamps includes:

(a) Mermant French Patent No. 930,073.

(b) Miller U. S. Patent No. 953,425.

17. The U. S. Patent Office did not cite Deca Pole or Deca Pole lighting fixture prior art in the file of Patent No. 2,793,286. The Patent Office also did not cite Hermant French Patent No. 930,073; Bliault British Patent No. 242,551; or "Lamp Tree" prior art.

[fol. 344] (b) Validity of Design Patent No. 180,251.

18. The Design Patent No. 180,251, has a single claim for "The ornamental design for a lighting fixture, as shown." The design shown includes three vertically spaced lamps alternating on opposite sides of a pole. Reduced diameter rods protrude from the ends of the pole. The lamp shades are conical. An elongated handle is mounted on each shade, extending along the side parallel thereto. No wiring of any kind is visible.

19. The Design Patent No. 180,251, issued on a Design Patent Application No. 42,700, filed August 22, 1956. Also on August 22, 1956, plaintiff's assignor, Theophile A. Stiffel, filed a second Design Patent Application No. 42,701 on a lighting fixture which differs from the design of the patent in having two diametrically opposed lamps instead of three staggered lamps. Mr. Stiffel was required by the Patent Office to elect which design would be patented, and he elected Serial No. 42,700 and abandoned Serial No. 42,701.

20. During the prosecution of the design applications and before abandoning Application No. 42,701, the applicant offered to abandon one of the two applications if the Patent Office Examiner would approve a showing of the shades in dotted lines, or the omission of the shades, so that the patent would claim a pole alone. This offer was not accepted by the Patent Office, but the applicant abandoned Application No. 42,701 and accepted a patent only on Application No. 42,700, which is Design Patent No. 180,251 with the lamp shades and lamp handles included in the design as shown.

21. The Deca Pole lighting fixture, Defendant's Exhibit 55, does not differ essentially in ornamental design aspects from Design Patent No. 180,251.

22. The contracted ends of the pole of the design patent [fol. 345] do not lend patentable novelty to the over-all design over and above Defendant's Exhibit 55.

23. It does not raise to the dignity of design invention to narrow or contract the ends of the pole of the Stiffel lighting fixture in view of the pole of uniform cross-section throughout its length as found in Defendant's Exhibit 55.

24. The difference between the design of the Stiffel design patent and that of Defendant's Exhibit 55, namely, the provision of contracted ends for the pole, does not change the over-all eye appeal of the design patent sufficiently from that of Defendant's Exhibit 55 to constitute the degree of inventive innovation necessary to justify the grant of a valid design patent.

25. Prior to January 30, 1956, and more than one year prior to the filing date of the application for the design patent filed August 22, 1956, a "Lamp Tree" (or "Light Tree") designed by S. J. Miller was disclosed in the following printed publications:

(a) "Quick," January 30, 1960, page 42.

(b) "Lighting and Lamps," February 1950, pages 80, 81.

(c) "The New York Times Magazine", February 12, 1950, pages 38, 39.

(d) "Architectural Forum", June 1950, page 212.

(e) "The New York Times Magazine", August 22, 1954, pages 36, 37.

Each of said publications constitutes a statutory bar against the issue of a valid design patent giving plaintiff a statutory monopoly.

26. The contracted ends of the pole of the design patent do not lend patentable novelty to the over-all design over and above the disclosures of the S. J. Miller "Lamp Tree" in each of the printed publications listed in Finding 25 above.

[fol. 346] 27. It does not rise to the dignity of design invention to narrow or contract the ends of the pole of the Stiffel lighting fixture in view of the pole of uniform cross-section throughout its length as found in each of the above printed publications.

28. The difference between the design of the Stiffel design patent and that of the S. J. Miller "Lamp Tree" as disclosed in each of the above printed publications, namely, the provision of the contracted ends for the pole, does not change the over-all eye appeal of the design patent sufficiently from that of the "Lamp Tree" to constitute the degree of inventive innovation necessary to justify the grant of a design patent.

29. The "Lamp Tree" is a floor-to-ceiling tabular pole having three lamps grouped thereon in the same way as the Design Patent No. 180,251. The "Lamp Tree" also includes a fourth lamp and a circular table mounted on the pole. The "Lamp Tree" does not differ essentially in ornamental design aspects from Design Patent No. 180,251.

30. No Deca Pole lighting fixture, "Lamp Tree" or other "floor-to-ceiling" lamp tree disclosures was cited by the Patent Office in the file of Design Patent No. 180,251.

31. The bottom rod on the pole of Design Patent No. 180,251 is narrow so that it will screw into the pole for adjustment. The top plunger rod is narrow so that it will move within the pole. Neither of these features is intended solely for the purposes of design appearance. They are utilitarian adaption of the prior art.

32. A narrow end rod on a wider tubular pole is disclosed in the Reichert U. S. Patent No. 1,137,900. The Reichert pole is a floor-to-ceiling pole, and the narrow upper end moves within the pole to accommodate various floor-to-ceiling heights. To provide both ends of a pole with a narrow rod extending into a wider tubular pole is a [fol. 347] well-known mechanical expedient within the skill of a routine designer or mechanic and is not invention.

33. Conical lamp shades like those in Design Patent No. 180,251 were disclosed in the prior "the 1954 Allegheny

Line," item 2074. Sears catalogs for 1951, 1954 and 1955 likewise show conical lamp shades as being in the prior art and public domain so that Stiffel is not entitled to preclude others from their free use on poles for lighting purposes.

(c) The Infringement Issue.

34. Defendant's accused lamps embody the structure and functions of the prior Deca Pole lighting fixtures and obvious variations thereof.

35. Defendant's accused lamps present the essential ornamental appearance of the prior "Lamp Tree" and the Deca Pole lighting fixture, defendant's Exhibit 55, and obvious variations thereof.

36. Defendant's accused lamps do in fact read upon the claims, embody the structure and functions, and present the essential ornamental appearance of the plaintiff's patents here in issue and plaintiff's physical embodiments of those patents.

37. Were plaintiff's patent claims valid as invention over the prior art, defendant's pole lamps identified as plaintiff's exhibits 10, 29-35 inclusive, and defendant's exhibits 6 and 8, would have infringed some or all of those claims.

38. Were plaintiff's patent claims valid as invention over the prior art, defendant would have infringed both of the patents in suit by its sale of the pole lamps identified in Finding 37 herein, and by its actions in inducing Randolph Metal Works, Inc., to manufacture the said pole lamp structures.

[fol. 348] III. Unfair Competition Issues.

39. Defendant has had actual knowledge of plaintiff's lamp products since early in 1956 before it sold any pole lamps.

40. When the defendant decided to sell pole lamps in 1956, it made a substantially exact copy of the Stiffel

product, Plaintiff's Exhibit 3. Defendant did not copy any of the prior art structures which were offered in evidence.

41. Defendant induced Randolph Metal Works, Inc. to make the pole lamps charged to infringe and sought it out for that purpose. The Randolph company had not theretofore made pole lamps.

42. The pole lamp of defendant, plaintiff's Exhibit 10, is so closely similar to Plaintiff's Exhibit 3, plaintiff's product, as to be scarcely indistinguishable therefrom both in appearance and in functional details. The similarity is so close that confusion between them is likely, and some confusion has already occurred.

43. Defendant knowingly copied plaintiff's products when it had made for it and sold the pole lamps exemplified by Plaintiff's Exhibit 10.

44. Defendant continued to have made for it and to sell pole lamps as exemplified in Plaintiff's Exhibit 10, copying in detail plaintiff's pole lamp, Plaintiff's Exhibit 3, even after this action was filed.

[fol. 349] CONCLUSIONS OF LAW.

1. The Court has jurisdiction of the parties and of the subject matter of the issues here involved.

2. U. S. Patent No. 2,793,286, and each claim thereof, is invalid by reason of each of the following:

(a) Description of a "Deca Pole" lighting fixture in the printed publications "Display World", May 1950, page 18, and "Display World", July 1950, pages 16, 17 and 52, before the invention by the patentee of the claimed invention, and also more than one year prior to the date of the application for the patent;

(b) Public use in this country of "Deca Pole" lighting fixtures by defendant Sears, before the invention by the patentee of the claimed invention, and also more than one year prior to the date of the application for patent;

(c) Public use in this country of a "Deca Pole" lighting fixture, Defendant's Exhibit 55 by defendant Sears, before the invention by the patentee of the claimed invention, and also more than one year prior to the date of the application for the patent;

(d) Description of "Deca Pole" lighting fixtures in the printed publication "Visual Selling", Bulletin 414, January 1952, published by defendant Sears, before the invention by the patentee of the claimed invention, and also more than one year prior to the date of the application for the patent;

(e) Description of a "Deca Pole" lighting fixture in the printed publication "Deca Pole Outlet and Grounding Attachment," insert in Bulletin 414, April 1954, published by defendant Sears, before the invention by the patentee of the claimed invention, and also more than one year prior to the date of the application for the patent.

The patent is anticipated by and lacks invention over each of the foregoing, and each constitutes a statutory bar [fol. 350] to the grant of a valid patent under Title 35, U. S. Code, Sections 102 and 282.

3. U. S. Design Patent No. 180,251, and the single claim thereof, is invalid by reason of each of the following:

(a) Public use in this country of a "Deca Pole" lighting fixture Defendant's Exhibit 55 by the defendant Sears, before the invention by the patentee of the claimed invention, and also more than one

year prior to the date of the application for the patent;

(b) Description of a "Lamp Tree" lighting fixture in the following printed publications, before the invention by the patentee of the claimed invention, and also more than one year prior to the date of the application for the patent:

(1) "Quick" magazine, January 30, 1950, page 42;

(2) "Lighting & Lamps" magazine, February 1950, pages 80 and 81;

(3) "The New York Times Magazine", February 12, 1950, pages 38 and 39;

(4) "Architectural Forum" magazine, June 1950, page 212;

(5) "The New York Times Magazine", August 22, 1954, page 36.

The patent is anticipated by and lacks invention over each of the foregoing disclosures (a) and (b), and each constitutes a statutory bar to the grant of a valid design patent under Title 35, U. S. Code Sections 102, 171 and 282.

4. Each of defendant's constructions of which plaintiff complains reads upon the claims of one or both of plaintiff's patents and each would constitute an infringement of one or the other of said patents if both patents were valid.

5. Defendant's sale of pole lamps like Plaintiff's Exhibit 10 has amounted to unfair competition with plaintiff.

[fol. 351] 6. Plaintiff is entitled to an injunction to restrain further unfair competition by defendant with respect to pole lamps identical to or confusingly similar to Plaintiff's Exhibits 3 and 10.

7. Plaintiff is entitled to an accounting to determine the amount and extent of defendant's unfair competition, and the profits and damages resulting therefrom.

8. Defendant is entitled to a judgment dismissing the charge of patent infringement on its merits.

9. Defendant is entitled to a declaratory judgment on its counterclaim that patents number 2,793,286 and Design 180,251 are invalid.

Julius H. Miner,
Judge.

Dated: Jan. 22, 1962.

[fol. 352] IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS

JUDGMENT—January 22, 1962

This matter coming on for entry of final judgment on the issues of patent infringement and unfair competition, and the Court having entered its Findings of Fact and Conclusions of Law, and the Court being fully advised,

It Is Hereby Ordered, Adjudged and Decreed, as follows:

1. The claims of U. S. Patent No. 2,793,286 are hereby declared to be invalid.

2. The claim of U. S. Patent No. 180,251 is hereby declared to be invalid.

3. Defendant and its agents, representatives and employees, are hereby enjoined from unfairly competing with plaintiff by selling or attempting to sell pole lamps identical to or confusingly similar to plaintiff's exhibits 3 and 10.

4. The plaintiff's complaint, insofar as it charges patent infringement, is dismissed on its merits.

5. The defendant's counterclaim, insofar as it seeks a declaratory judgment of invalidity of Patent No. 2,793,286 and Design Patent No. 180,251, is granted.

6. An accounting shall be taken concerning the amount and extent of defendant's unfair competition, and the profits and damages resulting therefrom.

7. Proceedings to take the accounting decreed in paragraph 6 of this Judgment shall be continued generally pending disposition of such other matters and proceedings as the parties may present or institute concerning the provisions of this Judgment.

Enter:

Julius H. Miner,
Judge.

Dated: Jan. 22, 1962.

[fol. 379]

IN UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS

PLAINTIFF'S EXHIBIT 2

(See opposite)

United States Patent Office

Des. 180,251
Patented May 7, 1957

180,251

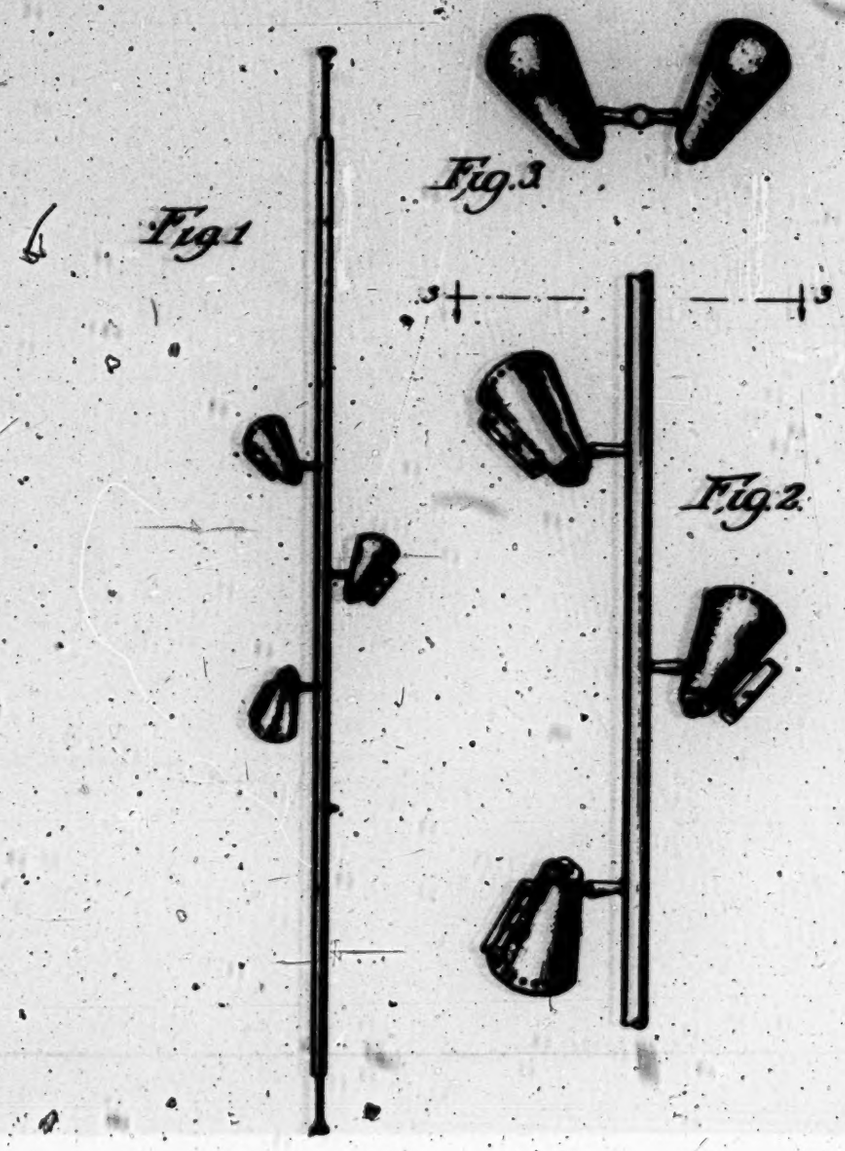
LIGHTING FIXTURE

Theophile A. Stillel, Chicago, Ill.

Application August 22, 1956, Serial No. 42,700

Term of patent 14 years

(Cl. D48—19)



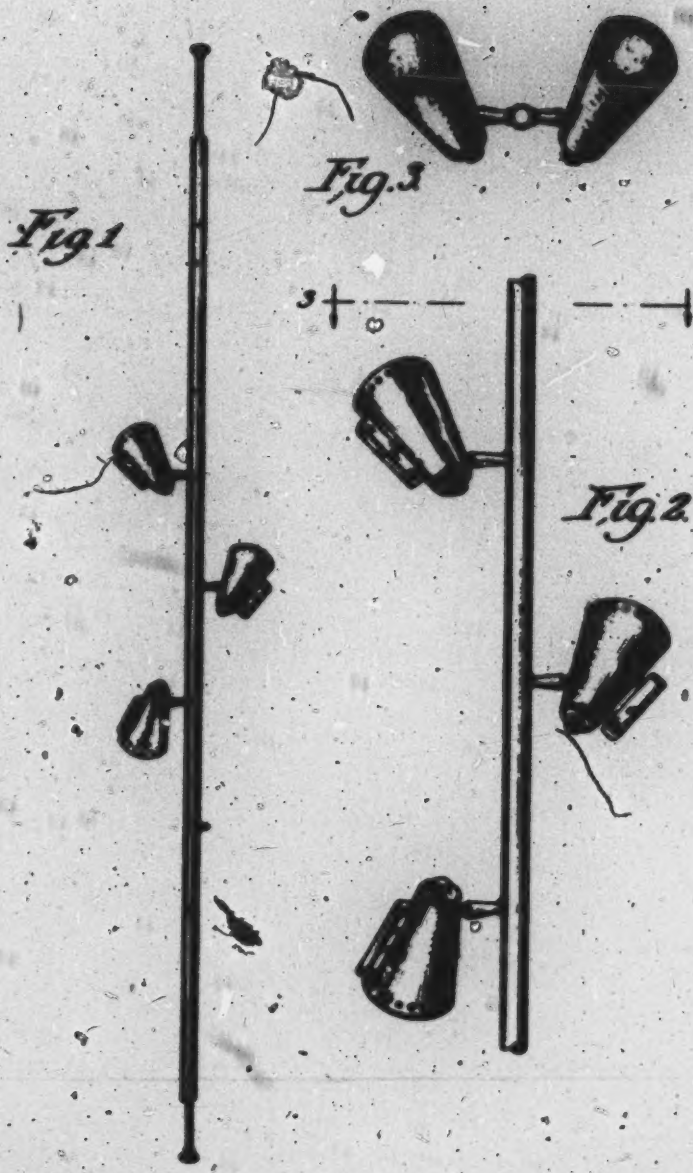


Fig. 1

Fig. 3

Fig. 2

Figure 1 is a perspective view of a lighting fixture, showing my design.

Figure 2 is an enlarged perspective view of a portion thereof.

Figure 3 is a view taken on lines 3—3 of Figure 2.

I claim:

The ornamental design for a lighting fixture, as shown.

References Cited in the file of this patent

UNITED STATES PATENTS

1,137,900 Reichert ..... May 4, 1915

OTHER REFERENCES

L. & C. Mayers Company, 1955, Counter Catalogue, page 260, Item E.

Current Design Winter 1950–51, Lighting equipment section, upper right hand corner of page, two-light floor lamp.

[fol. 380] Clerk's Certificate to foregoing transcript (omitted in printing).

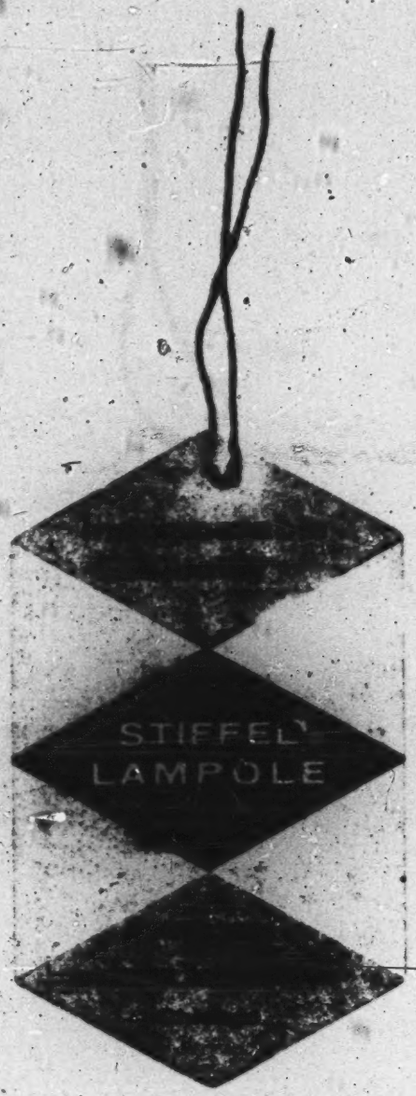
[fol. 381]

IN UNITED STATES DISTRICT COURT

FOR THE NORTHERN DISTRICT OF ILLINOIS

PLAINTIFF'S EXHIBIT 4

(See opposite) ☞



A NEW CONCEPT DESIGN

Originated and engineered by Stiffel, to serve the lighting needs of today and tomorrow. Stiffel is famous the world over for the ultimate in design and fine lamp craftsmanship.

Pat. No. 2793286

Style No.

[fol. 382]

IN UNITED STATES DISTRICT COURT

FOR THE NORTHERN DISTRICT OF ILLINOIS

PLAINTIFF'S EXHIBIT 5

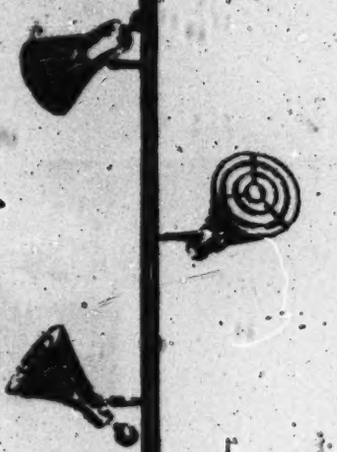
STIFFEL LAMPOLE
has all these
SUPERIOR QUALITY
FEATURES

- Engineered light diffusers for softer, pleasant lighting
- Safe, fool-proof solid brass switch with positive stops
- E-Z Lite switch
- Lampole freely rotates a full 360 degrees
- Porcelain sockets—highest quality materials throughout
- Long-lasting baked enamel finish
- Always-cool wooden handles
- Non-marking rubber ends adjust to uneven ceilings and floors

Pat. No. 2793286
Pat. No. 180251
Style
No

1957

STIFFEL LAMPS



THE STIFFEL COMPANY
GENERAL OFFICES: 525 W. SUPERIOR STREET, CHICAGO
CHICAGO SHOWROOM: 1273 MERCHANDISE MART
NEW YORK SHOW ROOM: 225 FIFTH AVE.

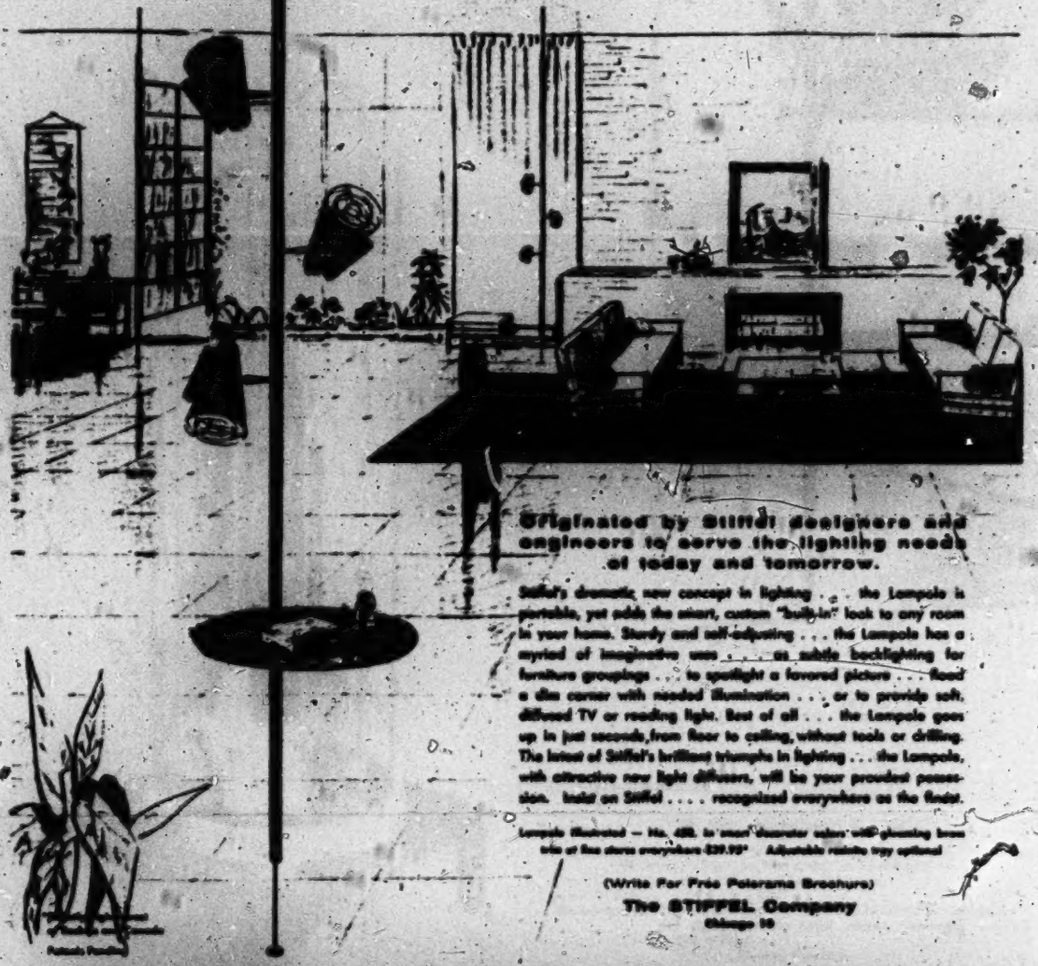
Address all correspondence to
525 W. Superior St., Chicago 10, Ill.

[fol. 383]

In United States District Court
For the Northern District of Illinois
Plaintiff's Exhibit 6

Dramatic • Functional • Ingenious

LAMPOLE
By
STIFFEL



Originated by Stiffel designers and engineers to serve the lighting needs of today and tomorrow.

Stiffel's dramatic new concept in lighting . . . the Lampole is portable, yet adds the smart, custom "built-in" look to any room in your home. Sturdy and self-adjusting . . . the Lampole has a myriad of imaginative uses . . . as subtle backlighting for furniture groupings . . . to spotlight a favored picture . . . flood a dim corner with needed illumination . . . or to provide soft, diffused TV or reading light. Best of all . . . the Lampole goes up in just seconds, from floor to ceiling, without tools or drilling. The latest of Stiffel's brilliant triumphs in lighting . . . the Lampole, with attractive new light diffusers, will be your proudest possession. Insist on Stiffel . . . . recognized everywhere as the finest.

Lampole illustrated — No. 452, in smart decorator colors with gleaming brass trim at fine stores everywhere $39.95* Adjustable resinite tray optional

(Write For Free Polerama Brochure)

The STIFFEL Company
Chicago 10

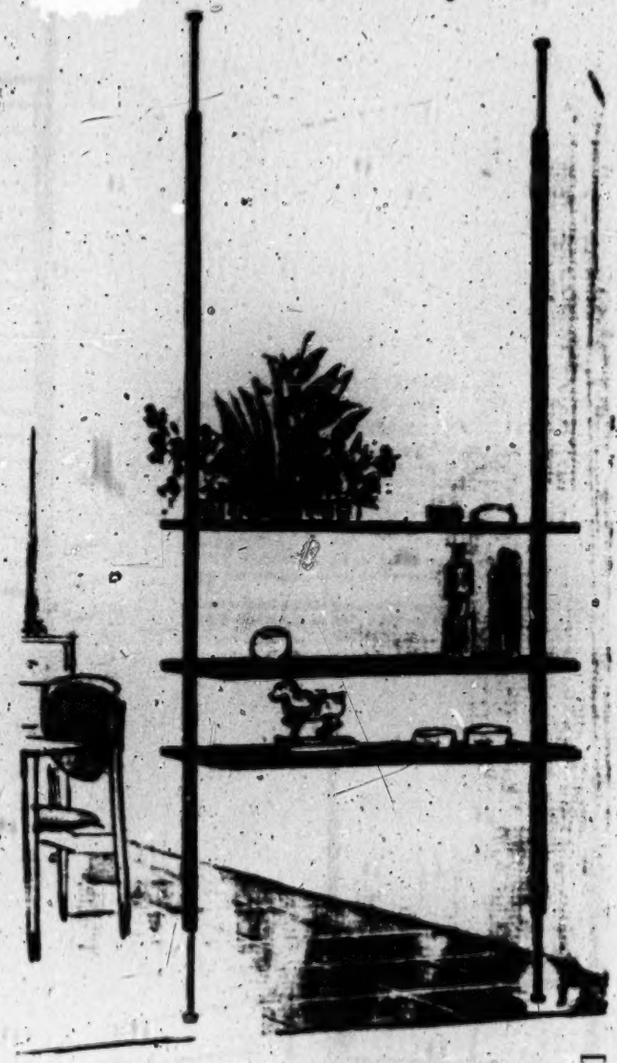
Better Homes | House Beautiful | House & Garden | LIVING

STIFFEL LAMPS

NEW CONCEPT DESIGNS

(Right) **No. 474 ROOM DIVIDER**

Finish: Baked-Enamel Metal Shelves
Specifications: Includes two PORT-A-POLES and three shelves - 12 x 36-3/4 x 3/4". PORT-A-POLES drilled for shelves at 30, 42 & 60" levels. Shelves rest on sturdy steel rods - Baked Black Enamel with Brass trim - For Ceilings 7'10" to 9'2" - Non-marring Rubber Tips - Built-in Tilt Ends, for Slanted Ceilings.
Patent Pending

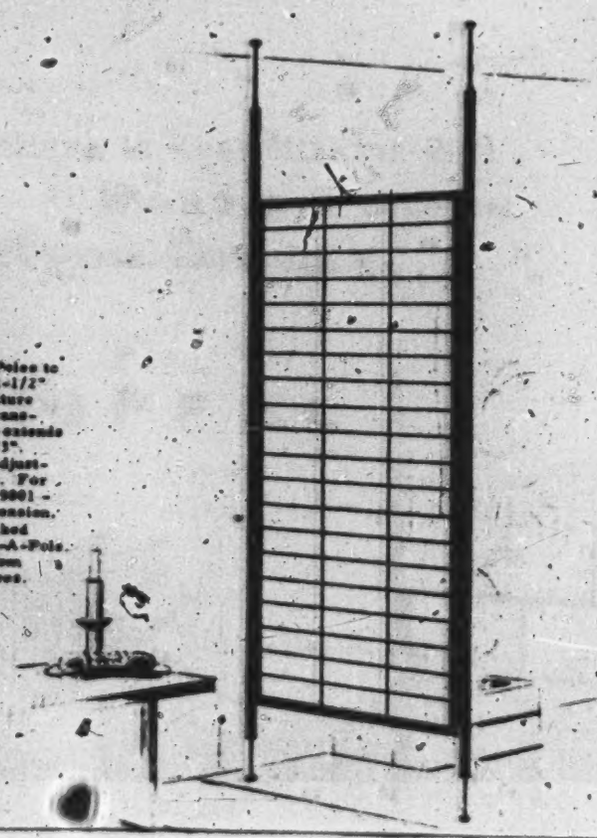


[fol. 385]

(Left) **No. 506 - Bird Cage - TORIKAGO**

Finish: Polished Brass, Satin Aluminum Trim with Hardwood Pedestal Table in Near Black Furniture Finish
Overall Height: 67-1/2" including Pedestal
Size of Table: 24 x 24 x 8"
Illumination: 3-Way Switch - 7 Watt Candelabra Bulbs included for 9 Removable Opal Glass Shades - Canopy Light at Top
Patent Pending

NEW CONCEPT DESIGNS



No. 501 PORT-A-SCREEN
(Right) **No. 502 PORT-A-POLE**
(7 Section Panel)

Easy to install panels and Port-A-Poles to make many arrangements. 30 x 72-1/2" panel in Hardwood with Block Furniture Finish – hemp laminated between translucent plastic sheets. Port-A-Pole extends to fit ceiling levels from 7'10" to 9'3". Heavy spring unit at ceiling level, adjustable threaded foot for uneven floors. For higher ceilings than 9'3" order No. 5001 – 8" Extension, or No. 5001 – 18" Extension. Port-A-Screen panel has brass notched pegs for hanging from holes in Port-A-Pole. Port-A-Screen panel can be hung from Port-A-Pole at 90, 120 or 180 degrees.
Patent Pending

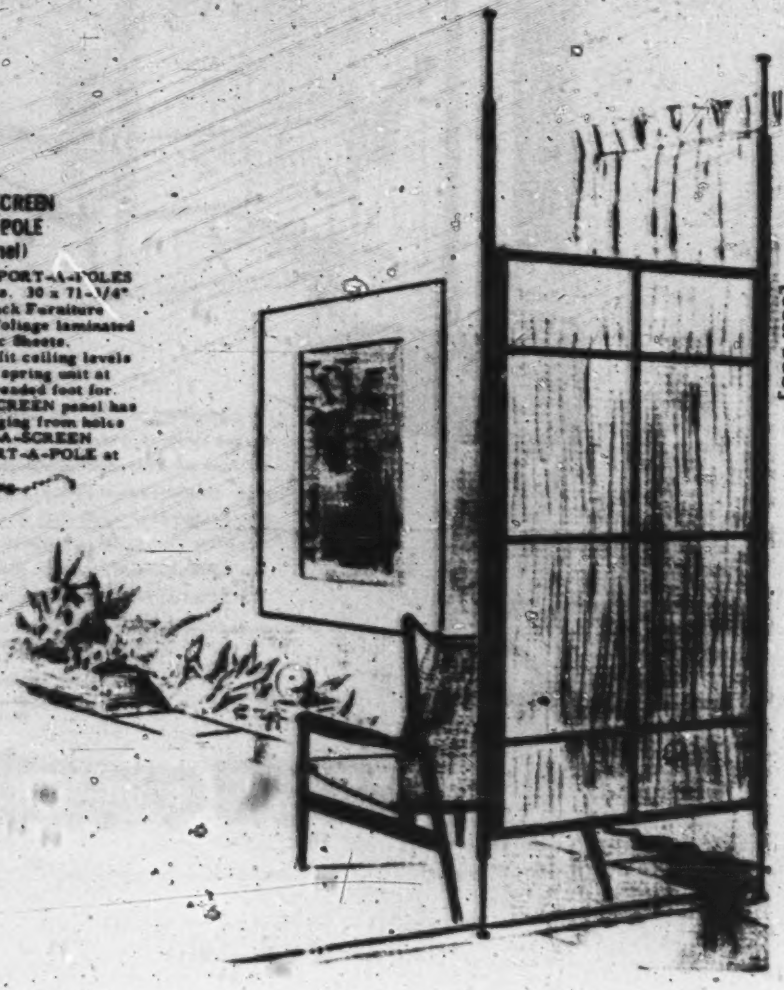
No. 475 PORT-A-SCREEN
(Below) **No. 502 PORT-A-POLE**
(8 Section Panel)

Easy to install panels and PORT-A-POLES to make many arrangements. 30 x 65-1/4" panel in Hardwood with Block Furniture Finish – Off-White Fibreglas. PORT-A-POLE extends to fit Ceiling levels from 7'10" to 9'2". Built-in ends for slanted ceilings.
PORT-A-SCREEN panel has Brass notched pegs for hanging from holes in PORT-A-POLE
PORT-A-SCREEN panel can be hung from PORT-A-POLE at 90°, 120° or 180°.

(Left) **No. 511 PORT-A-SCREEN**
No. 502 PORT-A-POLE
(4 Section Panel)

Easy to install Panels and PORT-A-POLES to make many arrangements. 30 x 71-1/4" Panel in Hardwood with Black Furniture Finish - Hemp & Colored Foliage laminated between Translucent Plastic Sheets. PORT-A-POLE extends to fit ceiling levels from 7'10" to 9'3". Heavy spring unit at ceiling level, adjustable threaded foot for uneven floors - PORT-A-SCREEN panel has Brass notched pegs for hanging from holes in PORT-A-POLE. PORT-A-SCREEN panel can be hung from PORT-A-POLE at 90, 120 or 180 degrees.

Patents Pending



[fol. 386]

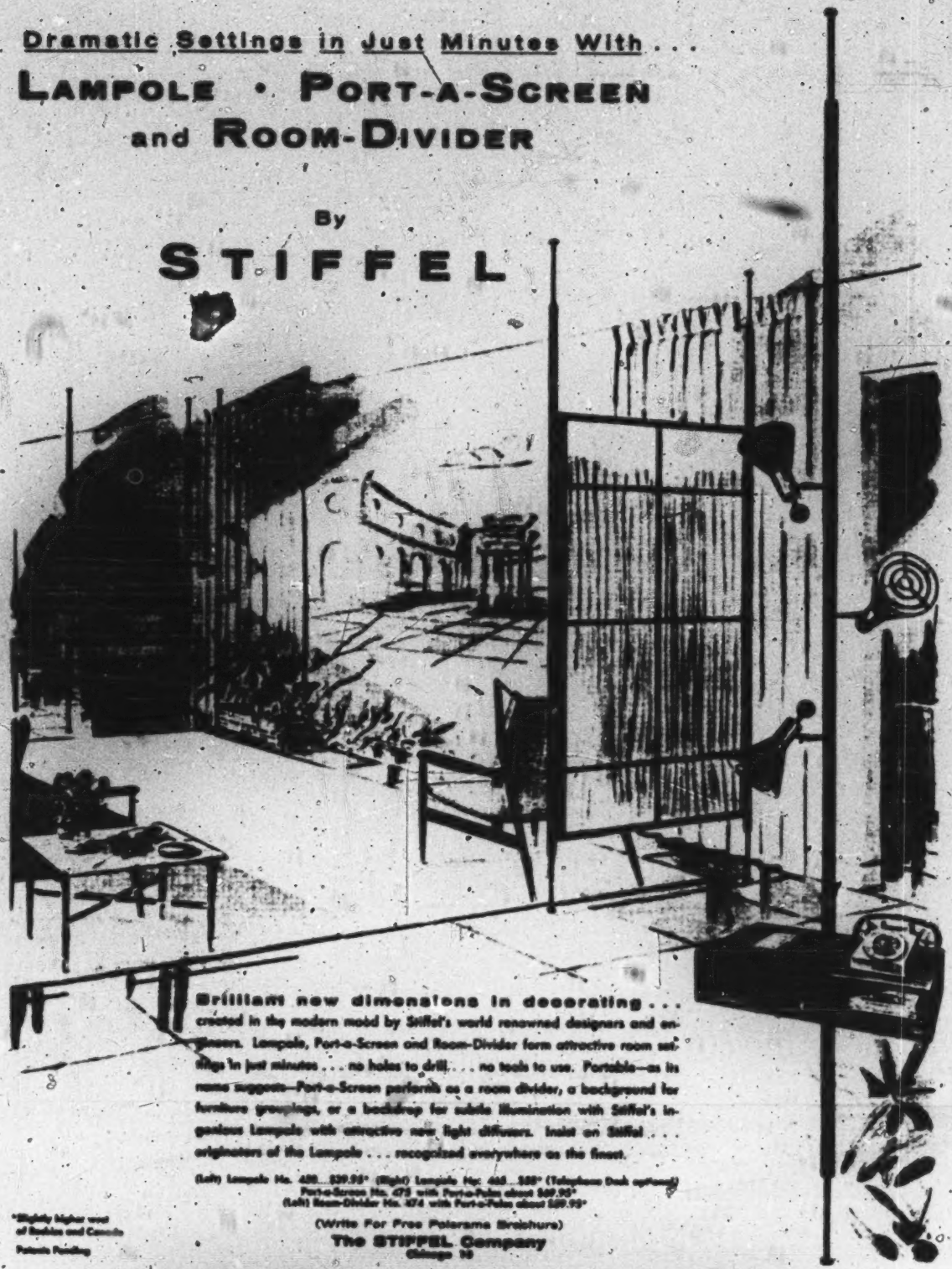
78

Dramatic Settings in Just Minutes With . . .

LAMPOLE • PORT-A-SCREEN and ROOM-DIVIDER

By

STIFFEL



Brilliant new dimensions in decorating . . . created in the modern mood by Stiffel's world renowned designers and engineers. Lampole, Port-a-Screen and Room-Divider form attractive room settings in just minutes . . . no holes to drill . . . no tools to use. Portable—as its name suggests—Port-a-Screen performs as a room divider, a background for furniture groupings, or a backdrop for subtle illumination with Stiffel's ingenious Lampole with attractive new light diffusers. Insist on Stiffel . . . originators of the Lampole . . . recognized everywhere as the finest.

(Left) Lampole No. 488... $39.95* (Right) Lampole No. 468... $88* (Telephone Desk optional)
Port-a-Screen No. 475 with Port-a-Poles about $69.90*
(Left) Room-Divider No. 474 with Port-a-Poles about $89.90*

*Slightly higher west of Rockies and Canada. Patents Pending

(Write For Free Polarama Brochure)

The STIFFEL Company
Chicago 10

House Beautiful | House & Garden | LIVING

[fol. 387]

STIFFEL LAMPS

1957 SUPPLEMENT and PRICE LIST

• IMPORTANT

This catalog supplement shows new styles and other changes introduced since we sent you the 1957 catalog; also our complete Lampole assortment. The complete price list on the back cover includes styles in both the general catalog as well as the supplement. Any styles not listed in the new price list have been discontinued.

[fol. 388]

IN UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
PLAINTIFF'S EXHIBIT 7

THE STIFFEL COMPANY

General Office and Plant: 525 WEST SUPERIOR STREET, CHICAGO

Chicago Showroom: 1275 MERCHANDISE MART

New York Showroom: 225 FIFTH AVENUE

80

LAMPS

1957 SUPPLEMENT and PRICE LIST

• IMPORTANT

This catalog supplement shows new styles and other changes introduced since we sent you the 1957 catalog; also our complete Lampole assortment. The complete price list on the back cover includes styles in both the general catalog as well as the supplement. Any styles not listed in the new price list have been discontinued.

[fol. 388]
IN UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
PLAINTIFF'S EXHIBIT 7

THE STIFFEL COMPANY

General Office and Plant: 525 WEST SUPERIOR STREET, CHICAGO

Chicago Showroom: 1275 MERCHANDISE MART

New York Showroom: 225 FIFTH AVENUE

★ *Address all correspondence to 525 West Superior Street, Chicago 10, Ill.*

Broad Consumer Magazine Advertising Coverage

	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
Lampole...				
Better Homes and Gardens		Full Page	Full Page	Full Page
Living		Full Page	Full Page	Full Page
House Beautiful		Full Page	Full Page	
House and Garden		Full Page	Full Page	
Sunset		Full Page	Full Page	
Home Furnishings Annual	Full Page	Full Page	Full Page	
Collection Lamps...				
House Beautiful		1/4 Page	1/4 Page	1/4 Page
House and Garden		1/4 Page	1/4 Page	1/4 Page
Interiors	1/4 Page	1/4 Page	1/4 Page	1/4 Page
New Yorker	1/3 Page	[illegible]	[illegible]	1/3 Page
Monthly Circulation:	822,900	7,222,900	7,222,900	6,822,900
Cumulative Home Impressions:		8,045,800	15,268,700	21,591,600

Never before has so much been spent to promote one lamp item. Over $100,000 worth of advertising will make its impact on consumers this fall. Tie in with this strong Lampole campaign to get the maximum benefit for your store.

• • FALL 1957 ADVERTISING • •

[fol. 390]

IN UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
PLAINTIFF'S EXHIBIT 8

STIFFEL

Lamps

1958

THE STIFFEL COMPANY

General Office and Plant: 525 WEST SUPERIOR STREET, CHICAGO

Chicago Showroom: 1275 MERCHANDISE MART

New York Showroom: 225 FIFTH AVENUE

Dallas Showroom: 148 MERCHANDISE MART

★ *Address all correspondence to 525 West Superior St., Chicago 10, Ill.*

Cable Address: STIFFELCO CHICAGO

[fol. 392]

Powerful National Advertising is Selling

Recent Advertising

Write today for Newspaper Mats of best seller Lampoles No. 450, 485, 486—2 col. x 10" each
Also, Table and Floor Lamp Mat Sheet available

[fol. 393]

the Stiffel Line to Millions of Homemakers

TWO PAGE SPREAD AD
in House & Garden, House Beautiful and Living for Young Homemakers

The continuing Stiffel broad consumer Advertising Campaign is creating a strong demand everywhere for the Stiffel Line. Identify your store with Stiffel, the outstanding prestige brand name in lamps. Tie in your own merchandising program with Stiffel Lamp promotions to achieve the maximum benefit for your store.

THE STIFFEL COMPANY
Advertising Schedule
FOR SPRING 1958

	APRIL	MAY
House Beautiful	2 pages	1 page
House & Garden	2 pages	1 page
Living	2 pages	1 page
Sunday Supplements	3/5 page *in 25 Major Cities, April 27*	

FULL PAGE AD
in House & Garden, House Beautiful and Living for Young Homemakers

In United States District Court
For the Northern District of Illinois
Plaintiff's Exhibit 9

STIFFEL *Lamps*

1958 SUPPLEMENT and PRICE LIST

This catalog supplement shows the new styles and changes since the 1958 general catalog was issued. The complete price list includes styles in both the general catalog and this supplement.

THE STIFFEL COMPANY

General Office and Plant: 525 West Superior Street, Chicago

Chicago Showroom: 1275 Merchandise Mart

New York Showroom: 225 Fifth Avenue

★ *Address all correspondence to 525 West Superior St., Chicago 10, Ill.*

Cable Address: STIFFELCO CHICAGO

Continuous Broad NATIONAL ADVERTISING

TWO PAGE SPREAD AD
in House & Garden, House Beautiful and Living for Young Homemakers

The continuing Stiffel broad consumer Advertising Campaign is creating a strong demand everywhere for the Stiffel Line. Identify your store with Stiffel, the outstanding prestige brand name in lamps. Tie in your own merchandising program with Stiffel Lamp promotions to achieve the maximum benefit for your store.

Stiffel Lamps are sold in the best stores everywhere

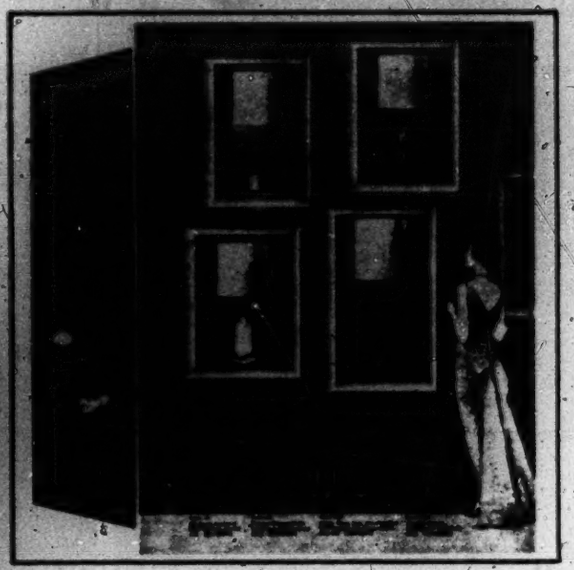
FULL PAGE AD
in House & Garden, House Beautiful and Living for Young Homemakers

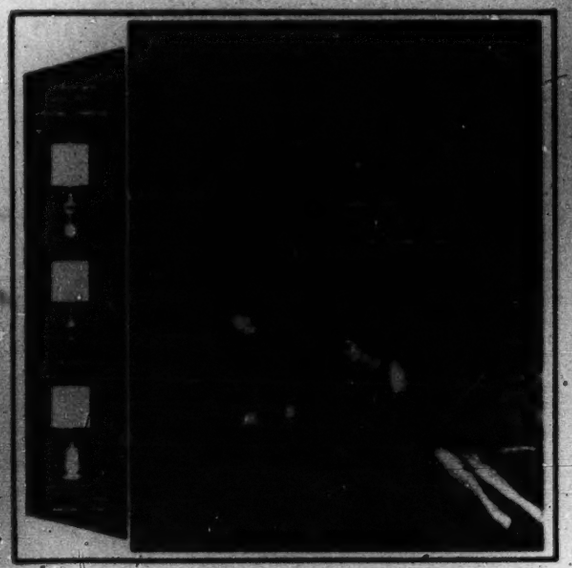
[fol. 396]

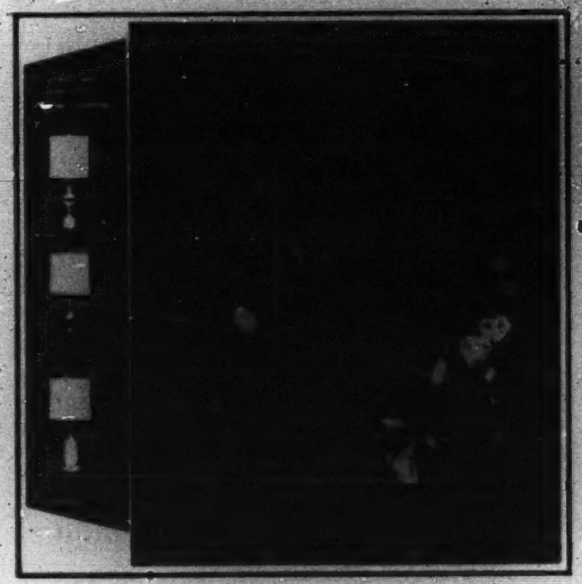
Increases Awareness and Stimulates Demand for Stiffel Lamps

ADVERTISING SCHEDULE FOR FALL, 1958

MEDIA	SEPT.	OCT.	NOV.
House Beautiful		1 page & 1 column	1 page & 1 column
House & Garden		1 page & 1 column	1 page & 1 column
House & Garden Book of Decorating	1 page & 1 column		
Living for Young Homemakers	1 page		1 page & 1 colgmn
The New Yorker			1/3 page 11/1/58 1/3 page 11/15/58 1/3 page 11/29/58





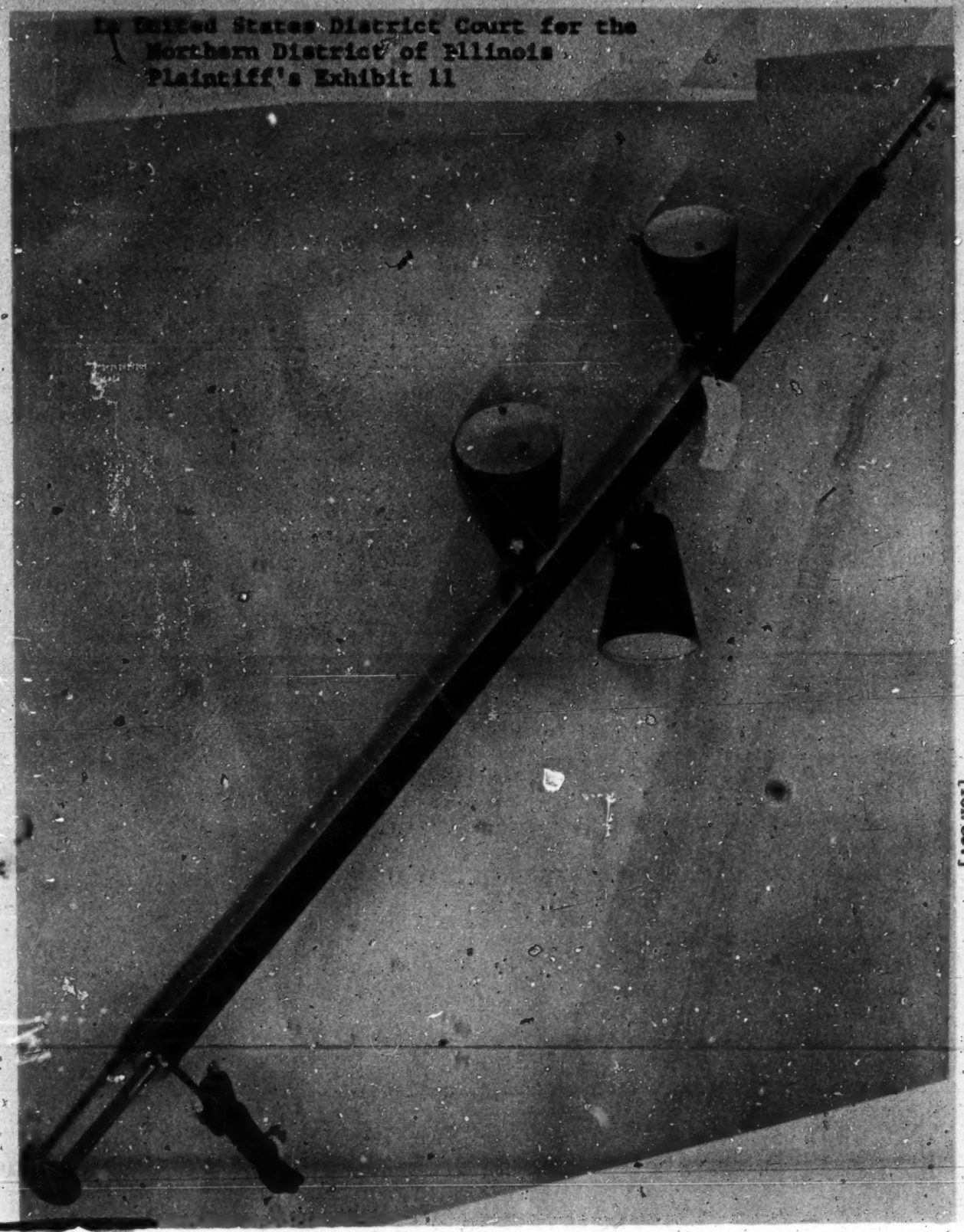


New Yorker Ad
Nov. 1, 1958
Lamp No. 86

New Yorker Ad
Nov. 15, 1958
Lamp No. 84

New Yorker Ad
Nov. 29, 1958
Lamp No. 87

In United States District Court for the
Northern District of Illinois
Plaintiff's Exhibit 11



[fol. 397]

In United States District Court for the
Northern District of Illinois
Plaintiff's Exhibit 12

[illegible]

[fol. 399]

IN UNITED STATES DISTRICT COURT

FOR THE NORTHERN DISTRICT OF ILLINOIS

PLAINTIFF'S EXHIBIT 16

November 13, 1957

Mr. Wm. Pemberton, Lamp Buyer
Marshall Field & Company
111 N. State Street
Chicago, Illinois

Dear Mr. Pemberton:

We are writing you about the complaint you received from your customer, Mrs. John J. Driscoll, 421 Berkley, Elmhurst, Illinois, concerning a pole lamp shown in the Sears Roebuck catalog.

From Mrs. Driscoll's letter, she is under the impression that the Sears lamp is identical to our Lampole which is Nationally Advertised at $39.95 and sold everywhere by the best stores in the United States.

As you know, it is common practice for many manufacturers to copy expensive designs and sell to retailers at a reduced cost by reducing the quality through poorer materials and inferior labor.

It so happens that we have the pole lamp, offered by Sears, in our office because we were naturally curious to make the comparison ourselves. We are sure you understand the vast difference in the quality of a Stiffel product over the inferior imitation, but we would like to point out for your customer the many points of superiority of the Stiffel Lampole.

A very important feature of the Stiffel Lampole are the three solid brass swivels with *positive stops*. These swivels in themselves are apt to cost more than all the parts put together of the competitive pole, which uses one of substandard quality and workmanship.

Our metal shades are equipped with bakelite diffusers which are carefully engineered to shield the light and prevent glare. The competitive pole has none of these.

[fol. 400] While the Sears photo gives the impression that the wood handles are the same, they are skimpy, rough and partially finished.

The Lampole is carefully finished and subject to strict inspection. The brass parts are nicely polished and do not show any scratch marks.

The Stiffel Lampole has a 3-way master light control which is conveniently located and much more expensive from a labor standpoint than the competitive pole which has individual light switches.

The Stiffel Lampole uses porcelain sockets which are necessary because of the confining heat of a narrow metal shade. The competitive pole uses an inexpensive socket which would not be acceptable to Stiffel.

Naturally, the Stiffel reputation for making the finest lamps is at stake and therefore the quality of a Stiffel Lampole must be in keeping with the high quality standards of Stiffel manufacture.

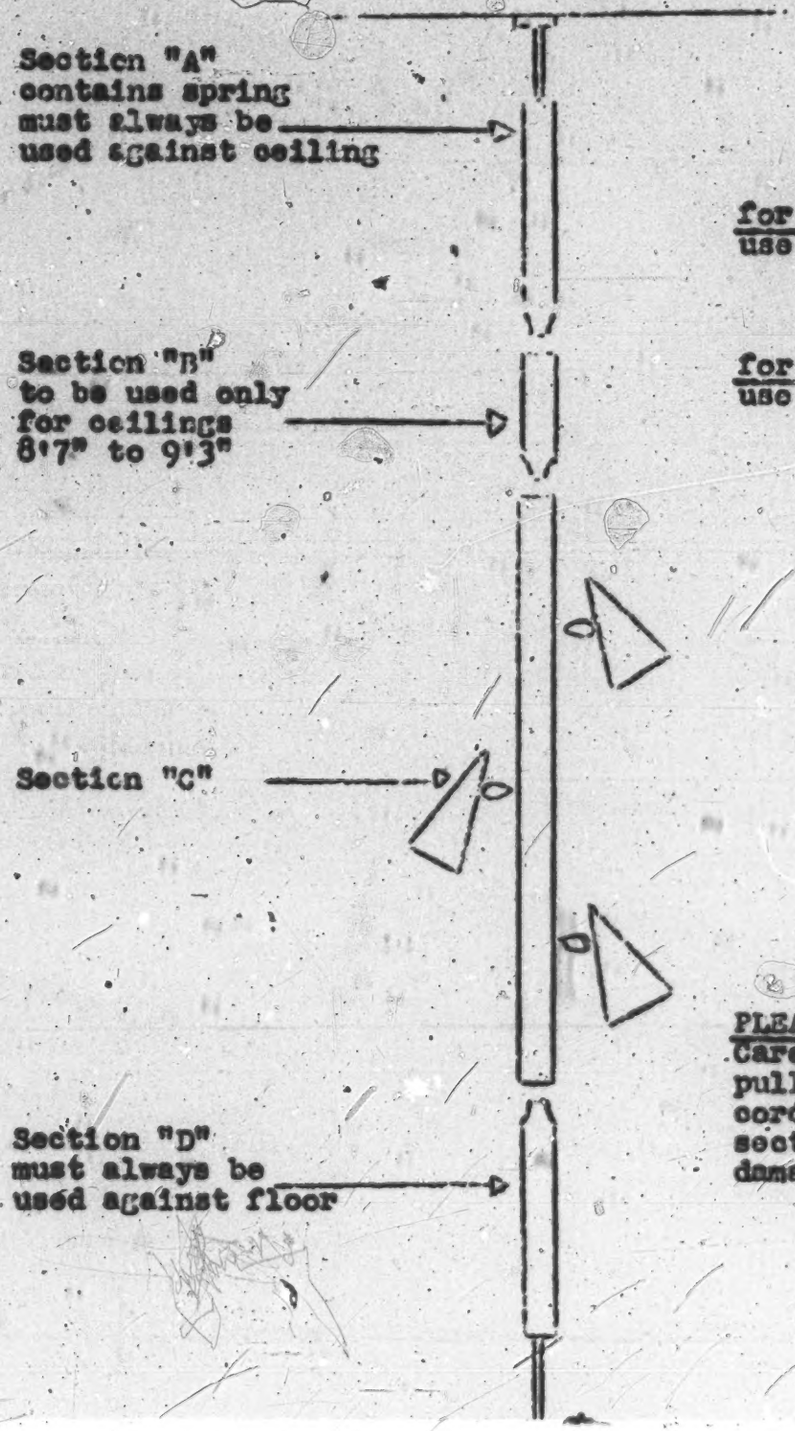
There are many other hidden quality features which are difficult to describe such as the basic quality of the many parts used in the spring mechanism and pole itself. However, we welcome the comparison and would suggest that your customer actually see the imitation pole lamp rather than judge its quality from a photo in a mail order catalog. It is unfortunate that products of fine quality and design are copied to give people the impression that they have overpaid because of the availability of an inferior imitation at less money. However, the customer is certainly right in demanding an explanation and we hope that our letter convinces her that sometimes a "bargain" is not really a bargain. We are sure her own comparison of the two products will be convincing.

Cordially yours,

Fred Phillips, Vice President
FP:jl

ASSEMBLY INSTRUCTIONS

FLOOR TO CEILING LAMP OR ROOM DIVIDER [illegible]



for ceiling 7'10" to 8'7"
use section: A-C-D

for ceiling 8'7" to 9'3"
use sections A-B-C-D

PLEASE NOTE:
Care should be used in pulling the electrical cord through the bottom section to avoid possible damage to insulation

[fol. 401]

In United States District Court
For the Northern District of Illinois
Plaintiff's Exhibit 17

3946 30 022.61H 3

POOL STOCK
SHIPPER COPY

Sears 43503·47

SEARS, ROEBUCK AND CO.

NAME Mr. R. S. Freiberg STORE NO.

ADDRESS APT.

CITY PHONE NO. 18C1067

NEAR ST. OR INSTRUCTIONS Lake Cook

FILED

DATE PROMISED APR 18 1962

DIV.	SALES NO.	DATE	KIND SALE	APPROVAL	ACCOUNT NO.
21	103	9 24 57	Cust	AT ___ O'CLOCK	

ROY H. JOHNSON
CLERK

IN CASE OF ERROR, RETURN OR EXCHANGE, THIS CHECK MUST BE PRESENTED

CAT. NO.	QUAN.	ARTICLE	PRICE	AMT. SALE
21DM	7060			
	1	Modern Pole Lamps		21 95
			Tax	66
				22 61

DO NOT WRITE IN THIS SPACE

PRICE ENC. VALUE

DIV.	SALES NO.	DATE	KIND SALE	AM'T. REC'D.	AMT. SALE

43503·47

CUSTOMER'S VOUCHER

DATE PROMISED

DEPOSIT

BALANCE

THANK YOU
PLEASE CALL AGAIN.

F2020 REV. 5-28-55 PRINTED IN U.S.A.

[fol. 402]

IN UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS

PLAINTIFF'S EXHIBITS 18 & 18B

94

PURCHASE COUPON BOOKS

Sold on the EASY PAYMENT PLAN

Obtain a book of coupons now from our Credit Department and pay for it on convenient monthly terms.

Use the coupons like cash, in any Sears store, to purchase your day-to-day needs.

Books are available in denominations from $5.00 to $50.00.

SEARS

"SHOP AT SEARS AND SAVE"

Laboratory Tested Merchandise backed by Sears Famous Guarantee

SEARS ROEBUCK AND CO.
CUSTOMER'S VOUCHER
In Case of Inquiry or Non-Delivery
Present This Voucher at Customer Service Desk
WHAT WE SELL, WE SERVICE TOO
Factory Approved Methods - Genuine Sears Parts
Expert, Economical Service

[fol. 404]

21 4b CUSTOMER COPY

SALES NO. 580 DATE 4-24

NUMBER OF ARTICLE IN CATALOG	QUAD.	NAME OF ARTICLE	COLOR	SIZE	PRICE	AM'T. SALE	SHP. WGHT. LBS.	OZ.
21 DM 1060	1	[illegible]				19 27	12	
			COLOR	SIZE				
			COLOR	SIZE				
			COLOR	SIZE				
			COLOR	SIZE				
			COLOR	SIZE				
			COLOR	SIZE				
			COLOR	SIZE				

FILED
APR 18 1962
O'CLOCK
ROY H. JOHNSON
Deed

PAID
mls

SEARS, ROEBUCK AND CO.
10310-12

TO CUSTOMER VIA:
- PARCEL POST ☐
- RAIL FREIGHT ☐
- MT. EXPRESS ☐
- TRUCK FREIGHT ☐
- PKGE. DELIVERY ☐

TO STORE FOR:
- CUSTOMER PICK-UP ☑
- RE-DELIVERY ☐
- EXCHANGE ☐

CASH ☑
C.O.D. ☐
E.P. ☐
—— ☐

INCLUDES EXCISE TAX $

TOTAL WGT. IN LBS.		12 Rubbing
Total for Merchandise	19 21	
Tax on Sale (If any)	51	
Shipping Charges	50	
Total Amt. of Sale	20 35	
Cash Rec'd. with Order		
Balance		
Carrying Charge		
Easy Pay't. Balance		

ORDERED FROM CONTROL STORE
ON SHIPMENTS FROM OTHER CONTROL STORES ENTER CONTROL STORE'S ABBREVIATION ABOVE.

F. 3166 REV. 12-22-52
PRINTED IN U.S.A.

[fol. 405]

SEARS CATALOG SALES DEPARTMENT

Offers a convenient, one-stop, economical way to buy. Select from over 100,000 items at Sears low prices.

Place your order by phone or in person at our Catalog Order Desk. No letter postage or money order fee is required.

Additional savings may be made on shipping charges and C. O. D. fees by calling for your merchandise at our store.

Catalog purchases may be made on Sears Easy Payment Plan. Just a small down payment and a few dollars each month will buy anything we sell in purchases of $20 or more. Once your account is established and you have an open account with us, you can "add on" purchases totalling $10 or more.

"SHOP AT SEARS AND SAVE"

Laboratory Tested Merchandise backed by Sears Famous Guarantee

[fol. 406]

IN UNITED STATES DISTRICT COURT

FOR THE NORTHERN DISTRICT OF ILLINOIS

PLAINTIFF'S EXHIBIT 21A

Mr. Vallette:

Possibly you will remember my speaking to you about a possible place for a deca-pole type of bullet tree for use in modern houses. I see somebody has come out with such a lamp. If you are interested you could probably find out who makes it by writing to the publishers of the magazine attached.

Frank C. Stover

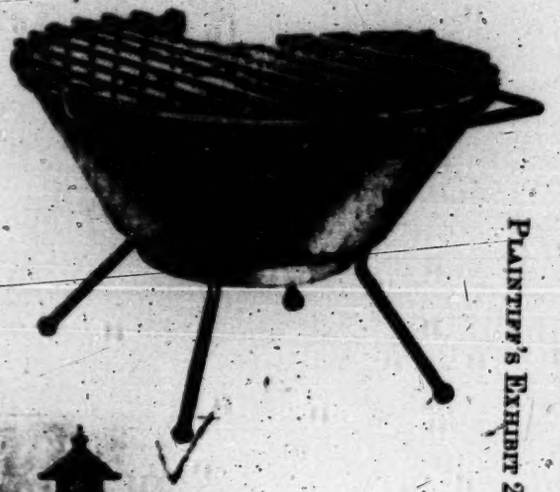
August 8, 1956

att.

In United States District Court
For the Northern District of Illinois
Plaintiff's Exhibit 21B

[fol. 407]

NEWS
of the newest



LITTLE GRILL WILL GO FAR

If you like to have one picnic on the patio and the next under the pine in the far corner of the yard, this little charcoal grill will be a favorite companion. It weighs only four pounds, and the legs detach and store inside for the easiest possible portability! It's only 8½" high, but the 12" diameter grill gives you 110 square inches of perfect broiling area, over a special trap for ashes. There are no screws to use; it assembles so easily that the kids can put it together while Mom unpacks lunch.

STAKE A CLAIM TO LIGHT

When summer's balmy evening breezes beckon you to the garden or patio, you'll want light, and several lamp manufacturers have risen to the challenge. Here are two examples of one manufacturer's solution to the outdoor lighting problem. The Colonial coach type electric garden light comes with a 20' neoprene cord and is Underwriters' Laboratory approved for outdoor use. The trio of hurricane lamps has clear glass chimneys to protect candle flames. Both of these lamps and similar styles have an extra long stake and disk base to hold them firmly in the ground. A wrought iron adapter base can be purchased to convert them to indoor use when summer season's done. Each lamp is 54" high when the stake is in the ground.

"FLOOR LAMP" WITH FLAIR

The very latest in lighting is this baseless Lampole, with its triumvirate of behandled light cones. In your choice of four decorator colors, it will look built-in — but you can move it wherever you please. The secret is in a spring system at ceiling level which allows it to extend to ceiling heights varying from 7'10" to 9'2". Non-marking rubber ends in brass discs get a firm grip on floor and ceiling to hold it firmly in place. A three-way master switch controls light intensity, and the walnut-handled metal shades can easily be adjusted with no fear of toasted fingertips.

CLOSETS BY THE BOTTLE

Even in this age of condensed books and vitamin concentrates we didn't expect to find cedar closets in bottles — but we did! What the bottle really contains, of course, is the essence of the cedar tree; penetrating, pure cedar oil. A few drops behind baseboards, inside door trims, along shelf supports "cedarizes" wood, plaster, or composition board and gives your storage caches the aromatic protection of cedar. It's harmless, stainless; suggested for use in closets, chests, attics, drawers, trunks, storage boxes and cabinets. Its powerful, woody aroma is so long-lasting that only a few drops will go a long, long way.

the stake is in the ground.

NEWS
of the newest

"FLOOR LAMP" WITH FLAIR

The very latest in lighting is this baseless Lampola, with its triumvirate of behandled light cones. In your choice of four decorator colors, it will look built-in — but you can move it wherever you please. The secret is in a spring system at ceiling level which allows it to extend to ceiling heights varying from 7'10" to 9'2". Non-marking rubber ends in brass discs get a firm grip on floor and ceiling to hold it firmly in place. A three-way master switch controls light intensity, and the walnut-handled metal shades can easily be adjusted with no fear of toasted fingertips.

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AS GOOD AS A GARDENER

Yes, this gadget that tells the outside water tap when to turn off the lawn sprinkling system is as good as a gardener. Just attach it to the water faucet, set it, and it will automatically shut off the water after any ten-minute period up to an hour. With the water timer working for you, you can leave home and like it — no worry about water waste while you're out for the afternoon. And now, at last, an evening out need not be climaxed by a midnight trip to tend the forgotten tap!

LOOKS LIKE CERAMIC BUT IT'S VINYL

A ceramic tile pattern combines with the walk-easy virtues of vinyl in a new floor covering for the bathroom, laundry, kitchen or utility room.

COURT OF ILLINOIS
LB
[fol. 407]
99

[fol. 408]

In United States District Court
For the Northern District of Illinois

Plaintiff's Exhibit 21C

August 21, 1956

Mr. F. C. Stover:

This refers to your note of August 8th and the attached magazine showing a deca-pole bullet tree lamp.

Last week while at Randolph we worked out eleven new modern numbers among which is a deca-pole lamp. We shopped competition and it is our opinion that we can create an attractive as well as competitive item of this type.

R. M. Vallette
/s/ RMV

RMVmj

cc: Mr. H. S. Stein—Randolph Metal Works
Mr. F. B. Reinert

[fol. 409]

IN UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS

PLAINTIFF'S EXHIBITS 22A & 22B

Mr. Vallette:

Not only the five sections but the very loose fit of the bottom screw makes Randolph's pole lamps very wobbly.

Frank C. Stover

October 13, 1959

[fol. 410] November 18, 1959

Mr. F. C. Stover:

This refers to your note of October 13th regarding the pole lamps at Randolph.

Randolph has been working to improve their poles as follows: at each connection a ridge will be put into the inside piece which creates a tension and makes each connection very solid. In addition to this they have improved the top and bottom sections by making the channel longer so as to hold the small sections more rigid where they screw into the pole.

These two improvements create a rigid pole, a sample of which I will show you when you return from your present trip.

Randolph will specify these improvements as soon as present stock is gone. Their present stock of poles is quite large because of the steel situation but it is expected that they will be able to incorporate these improvements into the pole lamps about February or March of next year.

/s/ R. M. VALLETTE
R. M. Vallette

RMV:cc

cc: Messrs. Baker
Raus

[fol. 411]

IN UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS

PLAINTIFF'S EXHIBIT 24

(Letterhead of Randolph Metal Works, Inc.,
Philadelphia 22, Pa.)

October 31, 1957

Miss Kay Stuelpnagel
Dept. 621
Sears, Roebuck & Co.
925 S. Homan Avenue
Chicago, Illinois

Dear Kay:

As per phone conversation had with you to-day we have cancelled 2-#7060 on P.O. #R523668 for Greensboro St. #2345.

Very truly yours,
RANDOLPH METAL WORKS, INC.
By: /s/ HARRY S. STEIN

HSS/bhw

[fol. 412]

IN UNITED STATES DISTRICT COURT

FOR THE NORTHERN DISTRICT OF ILLINOIS

PLAINTIFF'S EXHIBIT 25

(Letterhead of Randolph Metal Works, Inc.,
Philadelphia 22, Pa.)

October 31, 1957

Miss Kay Stuelpnagel
Dept. 621
Sears, Roebuck & Co.
925 S. Homan Avenue
Chicago, Illinois

Dear Kay:

As per phone conversation had with you today, we are elimimating the walnut handles on #7060 our #724 decca pole, for retail only, to take effect at once. The bullets that we have on hand with the two holes to insert the handles with will be plugged with a metal cap.

We will continue to ship the 7060 for the Fall General Catalog with the walnut handles. However, these handles will be eliminated for the 1958 Spring General Catalog, at which time #7095 will be assigned.

Very truly yours,

RANDOLPH METAL WORKS, INC.

By: /s/ HARRY S. STEIN

HSS/bhw

[fol. 413]

IN UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS

PLAINTIFF'S EXHIBIT 26

CHICAGO 7, ILLINOIS

February 16, 1959

Mr. Harry S. Stein
Randolph Metal Works, Inc.
10th & Susquehanna Ave.
Philadelphia 22, Pa.

Dear Harry:

Will you be kind enough to send one each of the following samples to Roller Lamp Company in Los Angeles. These are being sent in order to see if these items can be duplicated for the book out on the West Coast. As you know, you are duplicating some of the items from there.

Our #	Your #	Description
7302	1104	Triple bullet pole. Colors: Black and HH parchment beige.
7305	1172	Triple bullet pole. Polished brass and white enamel.
7098	997	Brushed brass pole, triple bullet with small walnut knobs.
7193	1161	Triple bullet pole, polished brass with rattan bullets.
7096	693	Swedish triple bullet pole, brushed brass.
7306	1113 Rev.	Polished brass lantern pole, Hawaiian Grass lantern.
7112	1102	Brushed brass lantern (to be made in fall with switch in pole).

Our #	Your #	Description
7318	1215	Painted flex arm bullet lamp. Black and HH parchment beige.
7279	638A	Swedish tree lamp in brushed brass.
7282	657	Swedish flex arm in brushed brass.
7099	919	Medium bullet tree. Brushed brass with small walnut knobs.
7083	1022	Flex arm to match above.
7473	1211	Black enamel round metal table for pole lamps.
7314	1169	Metal Shelf. Black.

[fol. 414]

7315	1168	Metal shelf. Black.

We are also carrying the following, which need not be sampled, but are being put into this letter for the record.

7160	1111	Pole without lamps. Black and beige.
7313	1197	Pole without lamps. Polished brass finish.
7079	1095	Pole without lamps. Brushed brass.
7174	1107	8" extension in black and beige.
7169	1115	8" extension, polished brass finish.
7163		8" extension, satin brass.
7127	1141	Round table for poles.

This last item plus the shelves, I do not suggest making on the West Coast because I believe we will be changing these to lower priced items as soon as we can.

When the samples are received at Roller, Mr. Pearson will go over them and, at that time, there will be questions with regard to making these items on the West Coast or bringing in some of the parts from Philadelphia. It is assumed that Roller or other sources can duplicate most of the lamps

except the Swedish line and the middle line which we call the "megaphone." These bullets are specially made at Randolph and I know Mr. Pearson will want costs on these, however, let us wait until they see the lamps and then can determine whether they want costs finished or unfinished, just for the bullets or the bullets and the poles, etc.

It will be appreciated if you can expedite the shipment of these samples, even if you have to back order several, so that Mr. Pearson can begin working on these with the idea of creating Pacific Coast sources. It will be appreciated if you can send these samples at no charge.

Very truly yours,

SEARS, ROEBUCK AND CO.

R. M. Vallette
Department 621

RMV:cc

cc: Messrs: Kelleher, Pearson, Jack Roller
Miss C. Stuelpnagel

[fol. 415]

IN UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS

PLAINTIFF'S EXHIBIT 27

November 19, 1958

Mr. Harry S. Stein
Randolph Metal Works, Inc.
10th & Susquehanna Ave.
Philadelphia 22, Pa.

Dear Harry:

Attached is a listing of the names and addresses of the eleven Department 712 men to whom we would like you to send a sample of our low end pole, stock #74000.

Please send black, one each at no charge and with transportation paid. Please send by mail or regular express.

I am giving you an extra copy of this letter to substantiate this request on your records.

Please charge the sample account in your plant.

Very truly yours,

SEARS, ROEBUCK AND CO.

R. M. Vallette
Department 621

RMV:cc
Att.

cc: Messrs. Baker
Stewart

[fol. 416] *Orders for Dept. 712 Men*

Sears, Roebuck & Co.,
Dept. 712
4640 Roosevelt Blvd.
Philadelphia 32, Pa.
Attn: H. J. Du Devine

Sears, Roebuck & Co.,
Dept. 712
8 E. Congress Parkway
Chicago 5, Illinois
Attn: Ray Colwell

Sears, Roebuck & Co.,
Dept. 712
677 Ponce de Leon Ave.
Atlanta 8, Ga.
Attn: Charlie Smith

Sears, Roebuck & Co.,
Dept. 712
27-51st Street
Pittsburg 1, Pa.
Attn: Al Schinskie

Sears, Roebuck & Co.,
Dept. 712
495 N. Watkins Ave.
Memphis 2, Tenn.
Attn: Al G. Adams

Sears, Roebuck & Co.,
Dept. 712
201 Brookline Ave.
Boston 15, Mass.
Attn: Tom Scanlan

Sears, Roebuck & Co.,
Dept. 712
2507 Fairway Drive
Greensboro, N. Carolina
Attn: A. J. Walker

Sears, Roebuck & Co.,
Dept. 712
360 W. 31st St.
New York 1, N. Y.
Attn: John A. Markin

Sears, Roebuck & Co.,
Dept. 712
1409 S. Lamar St.
Dallas 2, Texas
Attn: Houston Lumpkin

Sears, Roebuck & Co.,
Dept. 733
4640 Roosevelt Blvd.
Philadelphia 32, Pa.
Attn: Harry Ploeger

Sears, Roebuck & Co.,
Dept. 712
3625 Truman Road
Kansas City 27, Mo.
Attn: A. J. Mayotte

[fol. 417]

IN UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS

PLAINTIFF'S EXHIBITS 28A & 28B

January 3, 1958

Mr. Harry Stein
Randolph Metal Works, Inc.
10th & Susquehanna Ave.
Philadelphia, Pa.

Dear Harry:

This is to advise you that we are discontinuing #7060 and will replace with #7095.

Will you please let me have a 3 x 4 picture of the new number. I will use the cost I now have for mail order. Is this OK? Are you putting any buttons on the holes—and will you run out of the bullets with holes soon.

Very truly yours,

SEARS, ROEBUCK AND CO.

R. M. Vallette
Department 621

RMV:ms

[fol. 418]

(Letterhead of Randolph Metal Works,
Philadelphia 40, Pa.)

January 15, 1958

Mr. R. M. Vallette
Dept. 621
Sears, Roebuck & Co.
925 S. Homan Avenue
Chicago, Illinois

Dear Bob:

This is in reference to your letter dated January 3, 1958 in which you advised us that you are discontinuing the #7060 and will replace it with the #7095.

As per your request, we have ordered a three by four picture of the new number. As soon as it is received it will be forwarded on to you.

It is satisfactory to use the cost that you now have for mail order on this number.

We are putting buttons on the hole that were formerly used for the handle.

We have in stock approximately *2500* bullets with holes for handles in which it will be required to plug the holes.

Very truly yours,

RANDOLPH METAL WORKS, INC.

By: /s/ HARRY

HSS/bhw

[fol. 419]

IN THE UNITED STATES COURT OF APPEALS

FOR THE SEVENTH CIRCUIT

Nos. 13724-5

September Term, 1962—January Session, 1963

Appeal from the United States District Court for the Northern District of Illinois, Eastern Division.

THE STIFFEL COMPANY, Plaintiff-Appellant and Cross-Appellee,

vs.

SEARS, ROEBUCK AND CO., Defendant-Appellee and Cross-Appellant.

OPINION—January 23, 1963

Before Hastings, Chief Judge, Knoch and Kiley, Circuit Judges.

KILEY, Circuit Judge. This is a patent infringement and unfair competition suit. Defendant answered that the patents in suit were invalid and that defendant was not guilty of unfair competition; and its counterclaim sought declaratory judgment accordingly. The District Court found the patents invalid, but found defendant guilty of unfair competition. From the judgment on these findings, each party has appealed.

The patents in suit are Stiffel Patent No. 2,793,286 and Stiffel Design Patent No. 180,251, both relating to floor to ceiling "pole lamps." The patents were issued to Theophile Stiffel in May, 1957, and subsequently were assigned to plaintiff. The lamp was first shown the public in 1956. Plaintiff learned from a Sears, Roebuck & Co.[1] catalogue in 1957 that pole lamps were being sold by Sears.

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[1] Hereinafter referred to as Sears.

It purchased a Sears lamp in Greensboro, North Carolina, and this suit followed.[2]

[fol. 420] The vital questions are upon the findings and conclusions with respect to patent invalidity and unfair competition. There is, however, a preliminary procedural question.

As part of the Sears proof, the court admitted in evidence Exhibit No. 55, a Deca pole lamp. Plaintiff contends the ruling was erroneous because Sears failed to give notice of the exhibit under 35 U. S. C. § 282. That section requires at least thirty days notice of patents and publications relied on as anticipating the patents in suit. However, the trial court may admit the proof, in the absence of notice, "on such terms as the court requires." The ruling on Exhibit No. 55 was within the court's discretion. *C. S. Johnson Co.* v. *Stromberg*, 242 F. 2d 793, 797 (9th Cir. 1957), *Thermo King Corp.* v. *White's Trucking Service, Inc.*, 292 F. 2d 668 (5th Cir. 1961). We are not convinced, on the facts before the District Court, that plaintiff had no opportunity, because of the ruling, to present his case, as the Court of Appeals was convinced in *Thermo King*. We find no abuse of discretion and no error in the ruling.

The Stiffel pole lamp consists of a plurality of detachable tubular members, of small diameter, joined together to form a single pole longer than the distance between floor and ceiling of a room. It carries three lamps,[3] with swivel brackets, on the exterior of one of the sections. The lamps are served by wires "extending interiorly"[4] down through and out the lower section of the pole. In use it is supported between floor and ceiling under compression of a spring contained in the uppermost section. The upper and lower ends are small round felt or rubber covered discs to protect ceiling and floor. The lower disc is at the end of an adjust-

[2] Originally filed in North Carolina and later removed to the Northern District of Illinois, Eastern Division, for trial.

[3] The patent application illustration shows three lamps but "• • • while three are shown any number of lighting fixtures may be suitably arranged on said section at different desired elevations • • • "

[4] Term used in Stiffel patent application claims.

able leg for making fine adjustments to the length of the pole.

The District Court found that the Stiffel pole lamp was anticipated in the prior art more than one year prior to the Stiffel patent application in January, 1956, by Sears' public use and sale of the Deca pole lamp; and in printed publications. The question is whether the court erred in concluding [fol. 421] on these findings, that Stiffel Patent No. 2,793,286 is invalid.[1]

The findings underlying the conclusion have substantial basis in the admitted use of the Deca poles by Sears in 1953 and 1954, and the evidence of their published illustrations, sketches and descriptions more than one year prior to the Stiffel patent application, *H. W. Gossard Co.* v. *J. C. Penney Company*, 304 F. 2d 515, 518 (7th Cir, 1962), and were sufficient to overcome the presumption of validity of the patent. We hold the conclusion of invalidity of Patent No. 2,793,286 is not clearly erroneous.

The Deca pole included all the essential elements of the Stiffel pole except the adjustable leg. Instead of the adjustable leg, the Deca pole employed an equivalent, *i.e.*, sections of various lengths for adjusting height. The court was not required to find on the evidence that the adjustable leg was novel or was functionally different than the various sized sections of Deca pole which have the same purpose. This is true also of the Stiffel spring unit and the Deca pole sliding section and spring which have the same effect. And there is substantial evidence that Deca pole had the wire run "extending interiorly" within the pole.

The District Court's conclusion of invalidity of Design Patent No. 180,251 rests on findings that the Deca pole Exhibit No. 55 does not differ in ornamental design aspects from the Stiffel patented design, and that the Miller

[1] 35 U. S. C. § 102 provides, in part, as follows:

"A person shall be entitled to a patent unless—a) the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for patent, or b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States * * *."

"Lamp Tree" was disclosed in several magazines in 1950 and 1954. Plaintiff challenges this conclusion.

The Design Patent claims only "the ornamental design for a lighting fixture, as shown." The finding with respect to the Miller "Lamp Tree" anticipating the Stiffel design has sufficient support in the evidence of the disclosure of the Lamp Tree in printed publications. The finding is not clearly erroneous, and we need not therefore discuss the finding as to Exhibit No. 55. We hold the conclusion of the invalidity of Design Patent No. 180,251 is not erroneous.

Because the District Court's conclusions with respect to the patents are not erroneous, it follows that the court did not err in its conclusion of non-infringement.

[fol. 422] There is substantial basis in the evidence to support the findings underlying the conclusion that Sears was guilty of unfair competition. The evidence is: The lamp had a decided impact on the market in 1956 as something revolutionary in lighting fixtures. In four years (1956-1960) Stiffel shipped about $3,250,000 in pole lamps. They were widely advertised in national magazines. Sears "moved in" when they saw the Stiffel pole lamp was moving toward a mass market. Sears lamps are not labelled, and the Sears lamp retails at the wholesale price of the Stiffel lamp.

The Stiffel pole lamps and that of Sears made from a copy of a picture of the Stiffel lamp are before us as exhibits. A comparison of the two gives substantial support for the finding that the lamps have a remarkable sameness of appearance. And there is testimony of buyers for Marshall Field and Company and John M. Smyth Company of customer confusion. The finding that there is a likelihood of confusion[6] and some actual confusion, as to the source of the lamps, is not clearly erroneous. The conclusion of unfair competition, based on the finding,[7] is not erroneous.

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[6] The finding of customer confusion does not say "as to the source of the lamps." Clearly, however, that was intended on this record in view of the testimony of the buyers.

[7] Under Illinois law, which governs here, it was unnecessary to prove more than the likelihood of confusion as to the source of the products in order to make out a case of unfair competition.

Sears argues that plaintiff's proof failed to show "palming off" or "secondary meaning" under the law of Illinois as expressed by this court in *Zangerle & Peterson Co.* v. *Venice Furniture Novelty Mfg. Co.*, 133 F. 2d 266, 269 (7th Cir. 1939) and *Day-Brite Lighting, Inc.* v. *Sandee Mfg. Co.*, 286 F. 2d 596, 600 (7th Cir. 1961). In *Independent Nail & Packing Co. Inc.* v. *Stronghold Screw Products, Inc.*, 205 F. 2d 921, 925 (7th Cir. 1953), Judge Duffy said that the rule argued for here is "no longer the law of Illinois," citing *Investors Syndicate of America, Inc.* v. *Edward J. Hughes, Secretary of State*, 378 Ill. 413, 422, 38 N. E. 2d 754, 759 (1942), and *Lady Esther, Ltd.* v. *Lady Esther Corset Shoppe*, 317 Ill. App. 451, 46 N. E. 2d 165 (1943). Judge [fol. 423] Knoch repeated Judge Duffy's statement recently in *Day-Brite Lighting, Inc.* v. *Compco Corp.*, ... F. 2d ..... (7th Cir. Dec. 14, 1962).

For the reasons given the judgment is Affirmed.

Independent Nail & Packing Co. Inc. v. *Stronghold Screw Products, Inc.*, 205 F. 2d 921, 926 (7th Cir. 1953), *National Van Lines* v. *Dean*, 288 F. 2d 5, 9 (7th Cir. 1961). Those were trademark cases, but the rule is also applied in design patent unfair competition cases. *Day-Brite Lighting, Inc.* v. *Compco Corp.*, ____ F. 2d ____ (7th Cir., Dec. 14, 1962).

[fol. 424]

IN THE UNITED STATES COURT OF APPEALS

FOR THE SEVENTH CIRCUIT

No. 13724-25

Before: Hon. John S. Hastings, Chief Judge, Hon. Win G. Knoch, Circuit Judge, Hon. Roger J. Kiley, Circuit Judge.

THE STIFFEL COMPANY, Plaintiff-Appellant and Cross Appellee,

vs.

SEARS, ROEBUCK AND CO., Defendant-Appellee and Cross Appellant.

Appeals from the United States District Court for the Northern District of Illinois, Eastern Division.

JUDGMENT—January 23, 1963

This cause came on to be heard on the transcript of the record from the United States District Court for the Northern District of Illinois, Eastern Division, and was argued by counsel.

On consideration whereof, it is ordered and adjudged by this court that the judgment of the said District Court in this cause appealed from be, and the same is hereby, Affirmed, in accordance with the opinion of this Court filed this day.

It is further ordered by the Court that the costs of these appeals in this Court be divided equally between the parties.

[fol. 425]

IN THE UNITED STATES COURT OF APPEALS

FOR THE SEVENTH CIRCUIT

No. 13724-25

THE STIFFEL COMPANY, Plaintiff-Appellant,
(Cross Appellee)

vs.

SEARS, ROEBUCK AND CO., Defendant-Appellee,
(Cross Appellant)

Appeals from the United States District Court for the Northern District of Illinois, Eastern Division.

ORDER DENYING PETITIONS FOR REHEARING—March 4, 1963

It Is Ordered by the Court that the petitions for rehearing filed by plaintiff and defendant in the above cause be, and the same are hereby Denied.

[fol. 426] Clerk's Certificate (omitted in printing).

[fol. 427]

SUPREME COURT OF THE UNITED STATES

No. 1020, October Term, 1962

SEARS, ROEBUCK AND CO., Petitioner,

vs.

THE STIFFEL COMPANY.

ORDER ALLOWING CERTIORARI—June 17, 1963

The petition herein for a writ of certiorari to the United States Court of Appeals for the Seventh Circuit is granted, and the case is placed on the summary calendar. It is set for argument immediately following No. 1010.

And it is further ordered that the duly certified copy of the transcript of the proceedings below which accompanied the petition shall be treated as though filed in response to such writ.

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1962

No. [redacted] 108

SEARS, ROEBUCK AND CO.,

Petitioner,

vs.

THE STIFFEL COMPANY,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT.

WILL FREEMAN,
135 South La Salle Street,
Chicago 3, Illinois,
Attorney for Petitioner.

Of Counsel:
FRANK H. MARKS,
D. D. ALLEGRETTI,
GEORGE B. NEWITT.

THE BLAKELY-HARREN PRINTING COMPANY, CHICAGO

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1962.

No. _____

SEARS, ROEBUCK AND CO.,

Petitioner,

vs.

THE STIFFEL COMPANY,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT.

Petitioner prays that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Seventh Circuit, entered on January 23, 1963.

CITATIONS TO OPINIONS BELOW.

The District Court did not write an opinion but a copy of the Court's Judgment and Findings relating to unfair competition are printed as part of the Appendix to this petition, as well as in the record before the Court of Appeals. The opinion of the Court of Appeals is also printed in the Appendix and is reported in 313 F. 2d 115. Petitioner's petition for a rehearing was denied on March 4, 1963.

JURISDICTION.

The jurisdiction of this Court is invoked under 28 U. S. C. § 1254(1).

CONSTITUTIONAL PROVISION AND STATUTES INVOLVED.

Article I, § 8, Clause 8 of the Constitution of the United States:

> "The Congress shall have power . . . To promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries."

35 U. S. C. § 171:

> "Whoever invents any new, original and ornamental design for an article of manufacture may obtain a patent therefor, . . ."

35 U. S. C. § 173:

> "Patents for designs may be granted for the term of three years and six months, or for seven years, or for fourteen years, as the applicant, in his application, elects."

35 U. S. C. § 281:

> "A patentee shall have remedy by civil action for infringement of his patent."

28 U. S. C. § 1338:

> "(a) The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents, copyrights and trademarks. Such jurisdiction shall be exclusive of the courts of the states in patent and copyright cases.
>
> "(b) The district courts shall have original jurisdiction of any civil action asserting a claim of unfair competition when joined with a substantial and related claim under the copyright, patent or trade-mark laws."

QUESTION PRESENTED.

Where the Constitution grants to Congress "the power to promote the progress of science and useful arts, by securing for *limited* times to authors and inventors the exclusive right to their respective writings and discoveries," can a Federal court, applying what it believes to be the State law of unfair competition, *perpetually* enjoin the sale of copies of a patented device after the patent covering the device has been judicially terminated?

STATEMENT.

Respondent, the Plaintiff in the Trial Court, sued Petitioner, Sears, Roebuck and Co., for infringement of a design patent covering a pole lamp. Respondent also included in its Complaint a count for unfair competition on the ground that Petitioner's copy of the physical embodiment of the lamp shown in the design patent resulted in confusion of purchasers. The patented lamp was being made and sold by Respondent when the Petitioner entered the field. Petitioner's lamp sold for a lower price than that of Respondent.

The District Court held the design patent invalid because it lacked invention over prior designs in the public domain. But the Court found Petitioner guilty of unfair competition, pointing out that the similarity between the lamps of Petitioner and Respondent was "so close that confusion between them is likely and some confusion has already occurred." (Trial Court Finding No. 42 in attached Appendix.) The judgment of the Court enjoined future sale of lamps identical to those covered by the design patent it held invalid. (¶ 3 of Judgment in attached Appendix.)

The Court of Appeals affirmed the judgment of the District Court in all respects, including the Trial Court's find-

ing of likelihood of confusion, and concluded that such a finding is sufficient to make out a case of unfair competition (footnote 7 of Court's decision). For authority, the Court of Appeals relied upon its opinion in *Day-Brite Lighting, Inc.* v. *Compco Corporation*, 311 F. 2d 26 (C. A. 7, 1962), decided just about one month before the present case. There the Court stated that the law of Illinois is *no longer* to the effect that "mere copying of the teaching of an invalid patent does not constitute unfair competition" (311 F. 2d 26, 30). The Court concluded:

> "The essence of 'unfair competition' is that it be unfair, that 'in all cases of unfair competition, it is principles of old-fashioned honesty which are controlling.'"

The petitioner then petitioned the Court of Appeals for a rehearing on its decision with respect to the question of unfair competition. The petition was denied on March 4, 1963.

Thus, the effect of the Court of Appeals decisions in this case and in the *Day-Brite* case is to preclude copying the subject matter of an invalid patent, subject matter which is in the public domain. A petition for writ of certiorari has been filed recently in the *Day-Brite* case by Compco Corporation, presenting substantially the same question posed in this petition.

REASONS FOR GRANTING THE WRIT.

1. Should the law of the Seventh Circuit prevail, what the Constitution, the Congress and this Court prescribe as exclusively a Federal matter—the legal consequences of the expiration of a patent—could be affected by the laws of unfair competition in 50 states.

Prior to the ratification of the Constitution, many of the states had enacted their own copyright and patent laws.

As early as 1641 Massachusetts granted a patent to Samuel Winslow for a method of making salt. In the Patent Statute passed by Congress in 1793, § 7 recognized patents granted by the states *prior* to "its adoption of the present form of government," but expressly provided that the State rights and Federal rights were mutually exclusive.[1]

In the 43rd number of the *Federalist*, Madison made this short comment on the Constitutional Clause:

> "The States cannot separately make effectual provision for either of these cases" (patents or copyrights), "and most of them have anticipated the decision of this point, by laws passed at the instance of Congress."

It was apparent from the beginning that the states could not effectively provide for the rights of inventors and authors and that this had to be a Federal matter. To promote uniformity in the law with respect to copyrights and patents, Article I, § 8, Clause 8, was provided in the Constitution. Congress enacted laws pursuant to this authority, thus *creating* limited rights of inventors and authors to their published works.

The common law recognized no exclusive right in authors or inventors to the fruits of their labors. The word "secure" in the constitutional provision does not indicate the protection of a right already in existence.

> "Congress, then, by this act [Copyright Act of 1790] instead of sanctioning an existing right, as contended for, created it." *Wheaton et al.* v. *Peters et al.*, 8 Peters 591, 661 (1834).

This Court has more recently indicated that "The nature and extent of the legal consequences of the expiration of a patent are federal questions . . ."[2]

To permit each state to impose its own peculiar restric-

1. 1 Walker on Patents, Deller's Edition 28.
2. *Scott Paper Co.* v. *Marcalus*, 326 U. S. 249, 255 (1945).

tions upon use of property which has been dedicated to the public by patenting under Federal statute (save the exclusive right to make, use and sell for a limited term)[3] results in a legal hodgepodge. The business community must know what rules govern the game. Only this Court can clarify those rules so that business can progress with a reasonable degree of certainty with respect to its right to imitate.

2. The law of the Seventh Circuit, enunciated in *Day-Brite* and reiterated in the present case, has the effect of stifling competition and burdening commerce. The primary goal of our economic system is the promotion of the wide availability of useful goods at a reasonable cost. Whenever copying is prohibited, the scope of competition in the production and marketing of the copied product is likewise reduced, thereby compromising to some degree the basic free enterprise premise "that the unrestrained interaction of competitive forces will yield the best allocation of our economic resources, the lowest prices, the highest quality and the greatest material progress."[4] Indeed, "imitation is the life blood of competition."[5] The complex antitrust laws and the tremendous effort expended in their vigorous enforcement are necessary only because free competition is a matter of great public importance.

Thus the Court of Appeals decision is not one affecting only the litigants, but reaches to every member of the purchasing public who is interested in obtaining quality merchandise at low cost. The mischief that will result if this decision is permitted to stand is intensified when one considers the high degree of industrialization in the geo-

3. *Korzybski* v. *Underwood & Underwood*, 36 F. 2d 727, 729 (2nd Cir. 1929).

4. *Northern Pacific Ry.* v. *U. S.*, 356 U. S. 1, 4 (1958).

5. *Hygienic Specialties Co.* v. *H. G. Salzman Inc.*, 302 F. 2d 614, 619 (C. A. 2, 1962).

graphical area comprising the Seventh Circuit. Only this Court can rectify the law to insure the continuation of free competition in products released from the restraints of statutory monopoly.

3. The decision of the Court of Appeals frustrates the purpose of the patent system: to promote the progress of science and useful arts.[6] Unless the public is free to utilize the knowledge disclosed in a patent upon termination of the grant (either by expiration, or by judicial determination) the patent grant becomes a useless thing,—indeed, a very harmful thing. The copyright and patent statutes enacted pursuant to the Constitution secure to authors and inventors exclusive rights "for *limited* times." The statutes specify these times in years.[7]

The injunction granted by the District Court and affirmed by the Court of Appeals enjoins Petitioner perpetually from "selling or attempting to sell pole lamps identical to or confusingly similar to plaintiff's exhibits 3 and 10." Plaintiff's Exhibits 3 and 10 are the very lamps (Stiffel and Sears, respectively) held by the District Court, and affirmed by the Court of Appeals, to infringe the claims of the design patent in suit, if valid (Conclusion of Law 4, R. 350). But the claims were held invalid (Conclusions 2 and 3; R. 349-350). If, in fact, there has been a violation of the Illinois law of unfair competition, the Federal Court should designate an appropriate remedy for that tort. *But it may not frustrate the Federal patent law by enjoining the copying of the identical design of the invalid patent.*[8] Judge Learned Hand well appreciated this problem: "Un-

6. Article I, § 8 of the United States Constitution.

7. Seventeen years for a mechanical patent (35 U. S. C. 154); 3½, 7 or 14 years for a design patent (35 U. S. C. 173); and 28 years for a copyright (17 U. S. C. 24).

8. *Hygienic Specialties* v. *H. G. Salzman*, 302 F. 2d 614 (C. A. 2, 1962).

der the guise of protecting against unfair competition, we must be jealous not to create perpetual monopolies.'"[9]

Unless this Court intervenes to restore the law to its proper posture, it can remain in its present state indefinitely. The Court of Appeals refused to review the question and denied rehearings in both the *Day-Brite* case and the present case.

4. The Seventh Circuit Court of Appeals in its decision has established a rule which is directly contrary to that of other Circuits,[10] particularly the Second Circuit where so many of the copyright and patent cases arise. In the recent case of *Hygienic Specialties Co.* v. *H. G. Saleman, Inc.*, 302 F. 2d 614 (C. A. 2, 1962), the plaintiff's design patent was held invalid. The Complaint included a count for unfair competition. In upholding the defendant's right to copy what was shown in the invalid design patent, the Court stated (p. 619):

> "Since Hygienic's soap dish was not protected by a valid design patent, there was little to prevent others from producing similar articles. The District Court

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9. *Shredded Wheat Co.* v. *Humphrey Cornell Co.*, 250 F. 960, 964 (C. A. 2, 1918).

10. This was not always the law in the Seventh Circuit. As recently as 1943 this Court of Appeals upheld defendant's right to copy an invalid design patent:

> "This brings us to a consideration of the second phase of the case: Was there unfair competition? The defendant frankly admits it copied the plaintiff's table. If the plaintiff never had a patent, then the mere act of copying did not amount to unfair competition. After a patent expires, one may copy it. It then belongs to the public. The patentee's monopoly is gone."
>
> *Zangerle & Peterson Co.* v. *Venice Furniture Novelty Mfg. Co.*, 133 F. 2d 266, 269.

But in the *Day-Brite* case, and in the present case, the Court refused to follow that decision on the ground that the "rule argued for here is 'no longer the law of Illinois'" (*Stiffel* v. *Sears*, 313 F. 2d 115, 118).

was greatly disturbed by Hutzler's 'slavish imitation' of Hygienic's 'successful product.'"

* * * * * *

"But, as Judge Medina points out in the quoted opinion, 'this initial response to the problem has been curbed in deference to the greater public good,' apparently on the principle that 'imitation is the life blood of competition.' Id. at p. 272. Therefore, the courts have repeatedly held that the copying of an unpatented design does not in itself constitute unfair competition. *Algren Watch Findings Co., Inc.* v. *Kalinsky*, 197 F. 2d 69, 70 (2nd Cir. 1952); *General Time Instruments Corp.* v. *U. S. Time Corp., supra*, 165 F. 2d at p. 854."

Judge Learned Hand went into the question more particularly with respect to conflicting State law of unfair competition in the copyright case of *G. Ricordi & Co.* v. *Haendler*, 194 F. 2d 914 (C. A. 2, 1952).[11] In that case the copyright on plaintiff's book containing the libretto and score of Verdi's opera "Falstaff" had expired. The plaintiff sued one who had copied the book by photographing its pages, alleging that by copying the typography, in addition to the words and the notes, the defendant was guilty of unfair competition under New York law. Judge Hand discussed the New York cases and then said (p. 915):

"None of the decisions on which the plaintiff relies held that after copyright had expired the 'author' may prevent others from copying.

"However, *even if the law of New York were to that effect, we should feel obliged to disregard it, because the question before us is one of federal law:* i. e. Did the plaintiff preserve any rights after pub-

11. We have already pointed out that copyrights and patents are twin rights, stemming from the same provision in the Constitution. The principles of patent cases are frequently applied to copyright cases and vice versa. (See Justice Goldberg's parallel treatment in *United States* v. *Loew's, Inc.*, ... U. S. .... 83 S. Ct. 97, 102 (1962).)

lication in the book except those granted by the Copyright Act?"

* * * * *

"We do not mean that the defendant could under no circumstances be guilty of 'unfair competition' in his use of the 'work'; *but it would have to be by some conduct other than copying it.*" (p. 916.) (Emphasis supplied.)

The Court of Appeals in the present case has held that Petitioner must be perpetually enjoined from selling "pole lamps identical to or confusingly similar to Plaintiff's Exhibits 3 and 10 (the lamp covered by the invalid design patent)." It justifies this injunction on the ground that confusion has resulted because the Petitioner has copied Respondent's lamp.[12] Thus, we see that this decision is in head-on conflict with Judge Hand's decision in *Ricordi*, and the more recent Second Circuit case of *Hygienic Specialties* v. *Salzman*.

The question presented here is of great public importance.[13] The conflict and uncertainty which exists today in the Federal courts, exemplified by the cited decisions of the Seventh and the Second Circuits, can be reconciled only by this Court.

---

12. As precedents, the Court relied upon Illinois decisions in trademark cases to the effect that likelihood of confusion of goods is sufficient by itself to establish a case of unfair competition. But the inapplicability of trademark decisions to patent cases is at once apparent when the historical origin of these rights is considered. Trademark rights are based upon the common law, clearly within the scope of State powers. In distinction, rights in patents and copyrights stem from the United States Constitution and are purely Federal.

13. Legal scholars recently have been concerned with the doubts of the courts in trade regulation law including the question posed here. See Stern & Hoffman, "Public Injury and the Public Interest: Secondary Meaning in the Law of Unfair Competition", University of Pennsylvania L. R., Vol. 110, No. 7, May 1962; Pollack, "Unfair Trading by Product Simulation; Rule or Rankle?", Ohio State L. J., Vol. 23, No. 1, 1962.

CONCLUSION.

For the foregoing reasons, this petition for a writ of certiorari should be granted.

Respectfully submitted,

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APPENDIX.

313 F. 2d 115. Rehearing Denied Nov. 4, 1962.

IN THE UNITED STATES COURT OF APPEALS

For the Seventh Circuit.

Nos. 13724-5 September Term, 1962 January Session, 1963.

THE STIFFEL COMPANY, *Plaintiff-Appellant and Cross-Appellee,* *vs.* SEARS, ROEBUCK AND CO., *Defendant-Appellee and Cross-Appellant.*	Appeal from the United States District Court for the Northern District of Illinois, Eastern Division.

January 23, 1963

Before HASTINGS, *Chief Judge,* KNOCH and KILEY, *Circuit Judges.*

KILEY, *Circuit Judge.* This is a patent infringement and unfair competition suit. Defendant answered that the patents in suit were invalid and that defendant was not guilty of unfair competition; and its counterclaim sought declaratory judgment accordingly. The District Court found the patents invalid, but found defendant guilty of unfair competition. From the judgment on these findings, each party has appealed.

The patents in suit are Stiffel Patent No. 2,793,286 and Stiffel Design Patent No. 180,251, both relating to floor to ceiling "pole lamps." The patents were issued to

Theophile Stiffel in May, 1957, and subsequently were assigned to plaintiff. The lamp was first shown the public in 1956. Plaintiff learned from a Sears, Roebuck & Co.[1] catalogue in 1957 that pole lamps were being sold by Sears. It purchased a Sears lamp in Greensboro, North Carolina, and this suit followed.[2]

The vital questions are upon the findings and conclusions with respect to patent invalidity and unfair competition. There is, however, a preliminary procedural question.

As part of the Sears proof, the court admitted in evidence Exhibit No. 55, a Deca pole lamp. Plaintiff contends the ruling was erroneous because Sears failed to give notice of the exhibit under 35 U. S. C. § 282. That section requires at least thirty days notice of patents and publications relied on as anticipating the patents in suit. However, the trial court may admit the proof, in the absence of notice, "on such terms as the court requires." The ruling on Exhibit No. 55 was within the court's discretion. *C. S. Johnson Co.* v. *Stromberg*, 242 F. 2d 793, 797 (9th Cir. 1957), *Thermo King Corp.* v. *White's Trucking Service, Inc.*, 292 F. 2d 668 (5th Cir. 1961). We are not convinced, on the facts before the District Court, that plaintiff had no opportunity, because of the ruling, to present his case, as the Court of Appeals was convinced in *Thermo King*. We find no abuse of discretion and no error in the ruling.

The Stiffel pole lamp consists of a plurality of detachable tubular members, of small diameter, joined together to form a single pole longer than the distance between floor and ceiling of a room. It carries three lamps,[3] with swivel

1. Hereinafter referred to as Sears.

2. Originally filed in North Carolina and later removed to the Northern District of Illinois, Eastern Division, for trial.

3. The patent application illustration shows three lamps but "• • • while three are shown any number of lighting fixtures may be suitably arranged on said section at different desired elevations • • •"

brackets, on the exterior of one of the sections. The lamps are served by wires "extending interiorly"[4] down through and out the lower section of the pole. In use it is supported between floor and ceiling under compression of a spring contained in the uppermost section. The upper and lower ends are small round felt or rubber covered discs to protect ceiling and floor. The lower disc is at the end of an adjustable leg for making fine adjustments to the length of the pole.

The District Court found that the Stiffel pole lamp was anticipated in the prior art more than one year prior to the Stiffel patent application in January, 1956, by Sears' public use and sale of the Deca pole lamp; and in printed publications. The question is whether the court erred in concluding, on these findings, that Stiffel Patent No. 2,793,286 is invalid.[5]

The findings underlying the conclusion have substantial basis in the admitted use of the Deca poles by Sears in 1953 and 1954, and the evidence of their published illustrations, sketches and descriptions more than one year prior to the Stiffel patent application, *H. W. Gossard Co.* v. *J. C. Penney Company*, 304 F. 2d 515, 518 (7th Cir. 1962), and were sufficient to overcome the presumption of validity of the patent. We hold the conclusion of invalidity of Patent No. 2,793,286 is not clearly erroneous.

The Deca pole included all the essential elements of the Stiffel pole except the adjustable leg. Instead of the

4. Term used in Stiffel patent application claims.

5. 35 U. S. C. § 102 provides, in part, as follows:

"A person shall be entitled to a patent unless—a) the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for patent, or b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States . . ."

adjustable leg, the Deca pole employed an equivalent, *i.e.*, sections of various lengths for adjusting height. The court was not required to find on the evidence that the adjustable leg was novel or was functionally different than the various sized sections of Deca pole which have the same purpose. This is true also of the Stiffel spring unit and the Deca pole sliding section and spring which have the same effect. And there is substantial evidence that Deca pole had the wire run "extending interiorly" within the pole.

The District Court's conclusion of invalidity of Design Patent No. 180,251 rests on findings that the Deca pole Exhibit No. 55 does not differ in ornamental design aspects from the Stiffel patented design, and that the Miller "Lamp Tree" was disclosed in several magazines in 1950 and 1954. Plaintiff challenges this conclusion.

The Design Patent claims only "the ornamental design for a lighting fixture, as shown." The finding with respect to the Miller "Lamp Tree" anticipating the Stiffel design has sufficient support in the evidence of the disclosure of the Lamp Tree in printed publications. The finding is not clearly erroneous, and we need not therefore discuss the finding as to Exhibit No. 55. We hold the conclusion of the invalidity of Design Patent No. 180,251 is not erroneous.

Because the District Court's conclusions with respect to the patents are not erroneous, it follows that the court did not err in its conclusion of non-infringement.

There is substantial basis in the evidence to support the findings underlying the conclusion that Sears was guilty of unfair competition. The evidence is: The lamp had a decided impact on the market in 1956 as something revolutionary in lighting fixtures. In four years (1956-1960) Stiffel shipped about $3,250,000 in pole lamps. They were widely advertised in national magazines. Sears "moved in" when they saw the Stiffel pole lamp was moving toward a mass market. Sears lamps are not labelled, and the Sears lamp retails at the wholesale price of the Stiffel lamp.

The Stiffel pole lamps and that of Sears made from a copy of a picture of the Stiffel lamp are before us as exhibits. A comparison of the two gives substantial support for the finding that the lamps have a remarkable sameness of appearance. And there is testimony of buyers for Marshall Field and Company and John M. Smyth Company of customer confusion. The finding that there is a likelihood of confusion[6] and some actual confusion, as to the source of the lamps, is not clearly erroneous. The conclusion of unfair competition, based on the finding,[7] is not erroneous.

Sears argues that plaintiff's proof failed to show "palming off" or "secondary meaning" under the law of Illinois as expressed by this court in *Zangerle & Peterson Co.* v. *Venice Furniture Novelty Mfg. Co.*, 133 F. 2d 266, 269 (7th Cir. 1939) and *Day-Brite Lighting, Inc.* v. *Sandee Mfg. Co.*, 286 F. 2d 596, 600 (7th Cir. 1961). In *Independent Nail & Packing Co. Inc.* v. *Stronghold Screw Products, Inc.*, 205 F. 2d 921, 925 (7th Cir. 1953), Judge Duffy said that the rule argued for here is "no longer the law of Illinois," citing *Investors Syndicate of America, Inc.* v. *Edward J. Hughes, Secretary of State*, 378 Ill. 413, 422, 38 N. E. 2d 754, 759 (1942), and *Lady Esther, Ltd.* v. *Lady Esther Corset Shoppe*, 317 Ill. App. 451, 46 N. E. 2d 165 (1943). Judge Knoch repeated Judge Duffy's statement recently in *Day-Brite Lighting, Inc.* v. *Compco Corp.*, ... F. 2d ..... (7th Cir. Dec. 14, 1962).

For the reasons given the judgment is AFFIRMED.

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6. The finding of customer confusion does not say "as to the source of the lamps." Clearly, however, that was intended on this record in view of the testimony of the buyers.

7. Under Illinois law, which governs here, it was unnecessary to prove more than the likelihood of confusion as to the source of the products in order to make out a case of unfair competition. *Independent Nail & Packing Co. Inc.* v. *Stronghold Screw Products, Inc.*, 205 F. 2d 921, 926 (7th Cir. 1953), *National Van Lines* v. *Dean*, 288 F. 2d 5, 9 (7th Cir. 1961). Those were trademark cases, but the rule is also applied in design patent unfair competition cases. *Day-Brite Lighting, Inc.* v. *Compco Corp.*, ... F. 2d .... (7th Cir., Dec. 14, 1962).

IN THE UNITED STATES DISTRICT COURT
For the Northern District of Illinois,
Eastern Division.

THE STIFFEL COMPANY,
Plaintiff,
vs.
SEARS, ROEBUCK AND CO.,
Defendant.

Civil Action
No. 58 C 1067.

JUDGMENT (R. 352).

This matter coming on for entry of final judgment on the issues of patent infringement and unfair competition, and the Court having entered its Findings of Fact and Conclusions of Law, and the Court being fully advised,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED, as follows:

1. The claims of U. S. Patent No. 2,793,286 are hereby declared to be invalid.

2. The claim of U. S. Patent No. 180,251 is hereby declared to be invalid.

3. Defendant and its agents, representatives and employes, are hereby enjoined from unfairly competing with plaintiff by selling or attempting to sell pole lamps identical to or confusingly similar to plaintiff's exhibits 3 and 10.

4. The plaintiff's complaint, insofar as it charges patent infringement, is dismissed on its merits.

5. The defendant's counterclaim, insofar as it seeks

a declaratory judgment of invalidity of Patent No. 2,793,286 and Design Patent No. 180,251, is granted.

6. An accounting shall be taken concerning the amount and extent of defendant's unfair competition, and the profits and damages resulting therefrom.

7. Proceedings to take the accounting decreed in paragraph 6 of this Judgment shall be continued generally pending disposition of such other matters and proceedings as the parties may present or institute concerning the provisions of this Judgment.

Enter:

JULIUS H. MINER,
Judge.

Dated: Jan. 22, 1962.

TRIAL COURT'S FINDINGS OF FACT ON UNFAIR COMPETITION COUNT (R. 348).

III. Unfair Competition Issues.

39. Defendant has had actual knowledge of plaintiff's lamp products since early in 1956 before it sold any pole lamps.

40. When the defendant decided to sell pole lamps in 1956, it made a substantially exact copy of the Stiffel product, Plaintiff's Exhibit 3. Defendant did not copy any of the prior art structures which were offered in evidence.

41. Defendant induced Randolph Metal Works, Inc. to make the pole lamps charged to infringe and sought it out for that purpose. The Randolph company had not theretofore made pole lamps.

42. The pole lamp of defendant, Plaintiff's Exhibit 10, is so closely similar to Plaintiff's Exhibit 3, plaintiff's

product, as to be scarcely indistinguishable therefrom both in appearance and in functional details. The similarity is so close that confusion between them is likely, and some confusion has already occurred.

43. Defendant knowingly copied plaintiff's products when it had made for it and sold the pole lamps exemplified by Plaintiff's Exhibit 10.

44. Defendant continued to have made for it and to sell pole lamps as exemplified in Plaintiff's Exhibit 10, copying in detail plaintiff's pole lamp, Plaintiff's Exhibit 3, even after this action was filed.

PORTION OF TRIAL COURT'S CONCLUSIONS OF LAW INCLUDING THOSE ON UNFAIR COMPETITION COUNT (R. 350, 351).

5. Defendant's sale of pole lamps like Plaintiff's Exhibit 10 has amounted to unfair competition with plaintiff.

6. Plaintiff is entitled to an injunction to restrain further unfair competition by defendant with respect to pole lamps identical to or confusingly similar to plaintiff's Exhibits 3 and 10.

7. Plaintiff is entitled to an accounting to determine the amount and extent of defendant's unfair competition, and the profits and damages resulting therefrom.

8. Defendant is entitled to a judgment dismissing the charge of patent infringement on its merits.

9. Defendant is entitled to a declaratory judgment on its counterclaim that patents number 2,793,286 and Design 180,251 are invalid.

JULIUS H. MINER,
Judge.

Dated: Jan. 22, 1962.

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1963

No. [redacted] 108

SEARS, ROEBUCK AND CO.,
Petitioner,

vs.

THE STIFFEL COMPANY,
Respondent.

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI.

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THE GUNTHORP-WARREN PRINTING COMPANY, CHICAGO

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STATUTES.

15 U. S. C. § 1114 7

IN THE

Supreme Court of the United States

OCTOBER TERM, 1962.

No. 1020.

SEARS, ROEBUCK AND CO.,

Petitioner,

vs.

THE STIFFEL COMPANY,

Respondent.

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI.

FOREWORD.

The petition for certiorari herein is clearly without merit when considered in the light of the actual record herein. The petition omits most pertinent facts as found and affirmed below and half-states other facts in an apparent effort to make it fit a pattern desired by the petitioner but actually contrary to the case as presented, decided and affirmed by the District Court and the Court of Appeals. The alleged "Question Presented" as stated in the petition is not, never has been and never could be an issue in this case. There is no possible constitutional issue involved. At most there is merely a factual issue as to which there have been concurrent findings below contrary to petitioner's present position.

STATEMENT.

Petitioner is fundamentally wrong in its petition when it states that the unfair competition found below comprised petitioner's copying of the subject matter of an invalid or "terminated" patent. It was petitioner's intentional copying of respondent's product in every detail, without identification of source, resulting in actual confusion and likelihood of confusion, which was the basis for the finding of unfair competition. Petitioner was not and is not enjoined from making products defined in any patent claim. It is enjoined from "unfair competition" in copying respondent's products, not its patents, and in failing so to identify petitioner's products as to source in such manner as to avoid confusion. Petitioner has every right of the public generally to make pole lamps providing only that it do so "fairly" marketing them in such manner as to avoid confusion as to source of the product.

In January 1956 at a trade show in Chicago, respondent, a manufacturer of high-quality lamps, introduced a new and original portable lamp, of its own design, which introduced into the lamp industry for the first time the now widely known and widely sold "pole lamps". That lamp comprised a uniquely contoured demountable pole having compressive sections which maintained it in upright position extending between a floor and a ceiling and which had mounted thereon, with appropriate wiring, a plurality of electric lamps, and which included specially designed and ornamented shades. As the result of respondent's initiative, promotion, advertising and extensive sales ($3,250,000.00 in less than four years, App.[1] 59), "pole lamps" have indeed become a new and very important branch of the lamp industry. As testified to by wholly disinterested lamp buy-

1. By "App." we refer to the full appendix prepared for the Court of Appeals and filed by Petitioner herein.

ers, respondent's original pole lamp was something "new, different and revolutionary in the lamp business at that time" (App. 52). Respondent's pole lamp created a "sensation" at the show and was "very widely accepted" by buyers who attended that show (App. 56).

Within thirty days thereafter, respondent's novel "pole lamp" was made available to and sold to those who buy and sell lamps and lighting fixtures (App. 22). Commencing in the spring of 1956 and during the ensuing months and years that lamp was very widely advertised and sold (App. 59, 60).

Petitioner, as expressly admitted by the head of its national home furnishings department, Mr. Stover (App. 89-91), watched the advent and rapid growth of respondent's sales and market very closely, carefully examining them for mass-marketing possibilities. When it became apparent that respondent's "revolutionary" pole lamp was becoming a very "hot item" which would sell to a "mass market" of the type in which Sears is primarily interested, petitioner, in the words of Mr. Stover, "moved into" that market (App. 90).

Rather than doing so with its own design and own product, petitioner, in August, 1956 (App. 94)[2] took a picture of respondent's commercial pole lamp to Philadelphia, Pennsylvania. There it induced Randolph Metal Works, Inc. to make pole lamps for it which down to the smallest of details were copies of respondent's pole lamp. That was so not only with respect to functional matters, but in the appearance and non-functional distinguishing characteristics, design and dress as well (App. 94, Pl. Ex. 3, 10, 21 a, b, c). Petitioner sold those copies of respondent's product until well after the date upon which this action was filed.

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2. Before respondent even filed application for its first patent, D-180,251, which issued May 7, 1957 (App. 379).

As sold by it, petitioner's copies of respondent's pole lamp were neither marked with any label nor did they bear or indicate the name of the manufacturer (App. 63) or their source of origin.

The evidence fully supported the District Court's undisputed finding that Sears "knowingly copied" respondent's lamp (App. 348, Finding 43) in such detail "as to be scarcely indistinguishable therefrom both in appearance and in functional details. The similarity is so close that confusion between them is likely, and some confusion has already occurred" (App. 348, Finding 42).

The Court of Appeals, in affirming the judgment of the District Court ordering an accounting and restraining petitioner from "unfairly competing with plaintiff" stated that "there is substantial basis in the evidence to support the findings underlying the conclusion that Sears was guilty of unfair competition." The Court noted that petitioner's lamps were "not labelled," and that there was "a remarkable sameness of appearance" between the lamps of the petitioner and the lamps of the respondent, 313 F. 2d 115, 118. The Court further pointed out that "the Sears lamp retails at the wholesale price of the Stiffel lamp." The Court of Appeals found that there was "testimony • • • of customer confusion."

Stating that it was applying the local law, the law of the State of Illinois, and obviously complying with Rule 52(a) of the Federal Rules of Civil Procedure, the Court of Appeals concluded:

> "The finding that there is likelihood of confusion[6] and some actual confusion, as to the source of the lamps, is not clearly erroneous. The conclusion of unfair competition, based on the finding,[7] is not erroneous." [Footnotes omitted.]

Since it was well before the dates upon which respondent's patents relating to pole lamps issued on May 7, 1957

and May 21, 1957,[3] respectively, that Sears commenced and began to carry out its unfair competitive practices, the existence or non-existence of, or even the termination of, respondent's patents had no bearing upon the question of whether petitioner's course of conduct was or was not unfair. It was as a result of that course of conduct initiated by petitioner long before any patents issued,[4] hence long before petitioner knew of their contents or could form a belief with respect to their validity, that the District Court adjudged petitioner guilty of unfair competition and it was in that context that the Court of Appeals affirmed the judgment.

THE QUESTION PRESENTED.

The "question presented" as stated by petitioner is not and never has been an actual issue in this case. No constitutional question is involved herein. The Court did not in this case "*perpetually* enjoin the sale of copies of a patented device after the patent covering the device has been judicially terminated" as petitioner phrases it. The Court enjoined only "unfair competition" in the sale of pole lamps. That would be perpetual only if petitioner finds it essential to be unfair in its competitive practice. The Court leaves petitioner free to make and sell the subject matter disclosed and claimed in the patents, provided only that it do so in a fair and honest manner. Why should petitioner pretend that it has any right under the Constitution or otherwise to compete other than fairly?

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3. In affirming the District Court's judgment on the unfair competition issue, the Court of Appeals also affirmed the judgment holding invalid respondent's mechanical patent, U. S. Patent 2,793,286 issued May 21, 1957 and its design patent, U. S. Patent D-180,251, issued May 7, 1957.

4. So also was it before the applications for the design and mechanical patents were filed on August 22 and January 30, 1956, respectively, that Sears knew of and had seen respondent's pole lamp.

There is no valid question presented in the petition viewed in the light of the factual background. If there be any question, it would more correctly be:

> Where a manufacturer has engaged in unfair competition with a competitor, so concealing the source of origin of his goods as to result in actual confusion and likelihood of confusion of the consumer public, does he have the right to continue or to resume his unfair acts if a subsequently granted patent to his competitor is terminated?

ARGUMENT.

Both the District Court and the Court of Appeals in this case applied the local law, the law of the State of Illinois, pertinent to unfair competitive practices in concluding that petitioner was guilty of having unfairly competed with respondent. In dealing with matters of local law, and "local law applies" to "unfair competition and common law 'trademark infringement' " cases, *Pecheur Lozenge Co.* v. *National Candy Co.*, 315 U. S. 666, 667, that is the proper procedure to follow, *Erie Railroad Co.* v. *Tompkins*, 304 U. S. 64.

The Court of Appeals noted that under the prevailing law of unfair competition in the State of Illinois it is unnecessary to establish "palming off" or "secondary meaning." Rather the question under Illinois law is one of "likelihood of confusion as to the source of the products," 313 F. 2d 115, 118. The Court cited its earlier decision in *Independent Nail & Packing Co.* v. *Stronghold Screw Products*, 205 F. 2d 921, 926 (CA 7, 1953), a case in which it had discussed the Illinois cases and law in some detail and had concluded that the general test of unfair competition "under the Illinois law" was whether defendant's acts were "likely to cause confusion in the trade as to the source of products, or is likely to lead the public to believe that the defendant is in some way connected with the plaintiff."[5]

5. That is not an unusual or peculiar measure of the fairness or unfairness of competitive practices. The criterion in trademark infringement actions involving federally registered trademarks, 15 USC 1114 provides that any person shall be liable in a civil action who shall, without consent:

"(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with

Petitioner does not quarrel with the propriety of using "likelihood of confusion or deception" rather than "secondary meaning" or "palming off" as the fundamental measure of unfair competition, as indeed it cannot in a matter of local law.

Because it cannot properly challenge the general law of unfair competition applied in this case, petitioner sets up a fictitious straw-man to be knocked down. The impression it seeks to create is that the law of Illinois is that the mere copying of the teaching of an invalid or expired patent is in and of itself unfair competition. To create that illusion it distorts and twists both the language and the import of the decision of the Court of Appeals in the instant case as well as the decision in an entirely unrelated and factually different case, the case of *Day-Brite Lighting, Inc.* v. *Compco Corporation*, 311 F. 2d 26 (CA 7, 1962).

In the instant case the Court of Appeals correctly observed that it is "no longer the law of Illinois" to require a showing of "palming off" or "secondary meaning" in an unfair competition case. Therefore when it concurred in the findings based upon a record demonstrating actual confusion, a failure on the part of Sears to identify its products as its own, copying in such detail that the products of the parties were indistinguishable, and a likelihood of confusion inherent in petitioner's course of conduct, and measured that conduct against the law of Illinois, the Court of Appeals was correct in holding that the "conclusion of unfair competition * * * is not erroneous."

The *Day-Brite*[6] case acknowledges the applicability of the law of Illinois to unfair competition causes heard by the

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the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; * * *"

6. In the *Day-Brite* case, unlike the instant case, defendant "clearly marked" its products as its own.

federal district courts sitting in Illinois. That case also reviews earlier decisions of the Court and correctly concludes that unfair competition may occur with respect to products related to expired or invalid patents. However the Court nowhere says, nor do the cases discussed and summarized therein say, that merely copying and utilizing the teachings of an invalid patent in and of itself constitutes unfair competition in Illinois.

Petitioner pretends that the cases do so state. To reach that conclusion petitioner ignores the facts and the import of the cases and finds it necessary to stretch the language of the court and of the cited cases to manufacture its nonexistent and trumped-up constitutional issue. It is, of course, a well established principle of constitutional law and construction and a firmly entrenched rule of this Court that a controversy will be considered in a manner which will avoid a constitutional question if it is possible to do so. *Communist Party* v. *Catherwood*, 367 U. S. 389, 392; *Hurd* v. *Hodge*, 334 U. S. 24, 30; *Neese* v. *Southern Railway Co.*, 350 U. S. 77, 78.

Certainly it is both possible and proper to do so here.

Since the courts below were correct in their understanding and in their application of the law of Illinois, the only question which the petition can serve to raise is whether the evidence supports the findings made by the District Court in which the Court of Appeals concurred.

It is not the proper function of a writ of certiorari to review questions of fact or of the sufficiency of evidence to support a court's findings. This Court will not issue a writ for such a purpose, as it has repeatedly stated, *Southern Power Co. v. North Carolina Public Service Co.*, 263 U. S. 508.

In the case of *General Talking Pictures Corporation* v. *Western Electric Co.*, 304 U. S. 175, 178, in language especially apt here this Court stated:

> "There is nothing in the lower courts' decision on either of the added questions to warrant review here. Whether respondents acquiesced in the infringement and are estopped depends upon the facts. Granting of the writ would not be warranted merely to review the evidence or inferences drawn from it. * * * Moreover, the decision on that point rests on concurrent findings. They are not to be disturbed unless plainly without support. * * * There is evidence to support them."

This Court emphasized the point that concurrent findings are to be disturbed only with the greatest reluctance in the case of *Graver Tank & Mfg. Co.* v. *Linde Air Products Co.*, 336 U. S. 271, 275 saying:

> "A court of law, such as this Court is, rather than a court for correction of errors in fact finding, cannot undertake to review concurrent findings of fact by two courts below in the absence of a very obvious and exceptional showing of error. * * *
>
> "No such showing is made."

Petitioner then seeks to find a conflict in the law of the Second and Seventh Circuits. In doing so it completely ignores the fact that the judgment affirmed by the Court of Appeals was based upon a record which established defendant's detailed and deliberate copying of respondent's pole lamp long before any patents ever issued. Petitioner's copying, its failure to mark its copies as its own, its creation of actual customer confusion—all of these acts occurring long before any patents, design or mechanical, issued, contributed to the conclusion that Sears was guilty of unfair competition under the local law.

Petitioner is consistent when it also ignores the facts and the law of the Second Circuit cases which it asserts conflict with the decision in this case.

Thus both in the case of *Hygienic Specialties Co.* v. *H. G. Salzman, Inc.*, 302 F. 2d 614 (CA 2, 1962) and in the case of *G. Ricordi & Co.* v. *Haendler*, 194 F. 2d 914 (CA 2, 1952) the Court specifically indicated that unfair competition may occur with respect to the use by a defendant of the work of a party formerly covered by a patent or copyright. That, of course, is the law as announced by this Court and as applied in Illinois.

On the facts, it is to be observed that in the *Hygienic* case the defendant's products were "prominently" labelled while in the *Ricordi* case defendant clearly "gave notice that it was his product." Sears' products were "not labelled" as its own.

In the *Hygienic* and *Ricordi* cases there was no evidence of actual confusion, the Court in the *Hygienic* case making that finding specifically at page 620. In the instant case Sears' activities not only were likely to cause confusion, but they actually did cause confusion. That the District Court found and the Court of Appeals specifically agreed with such finding.

A most significant factual difference, deliberately omitted by petitioner, is that the course of conduct of Sears, unlike that of the defendants in the *Hygienic* and *Ricordi* cases, commenced and was followed long before patents ever came into existence. Certainly redress for such activities in the absence of existent or expired patent rights, cannot and does not conflict either with the federal law or with the Second Circuit cases cited by the petitioner.

The petitioner pretends that in the present case it is perpetually enjoined under the guise of unfair competition which consists merely in the copying of a patent which has been judicially terminated. It pretends that the public generally has the right to copy the subject matter of an expired patent and that the decree in this case enjoining

petitioner from "unfair competition" in effect grants to the respondent under interpretation of state law a monopoly comparable to a patent monopoly but not granted by the federal government and not limited in term. It seems at least unusual that at no time in its petition is there mention of either of the leading decisions by this Court which bear strongly upon the very contention which petitioner puts forward.

The right of the public to make the subject matter of an expired patent has long been settled. The leading cases on this point are undoubtedly *Singer Mfg. Co.* v. *June Mfg. Co.*, 163 U. S. 169 and *Kellogg Co.* v. *National Biscuit Co.*, 305 U. S. 111. While nothing in the decision of the courts below in this case is inconsistent with or inharmonious with those decisions by this Court, petitioner's very contention is directly contrary to both decisions.

In both the *Singer* and *Kellogg* cases it was held that where patented articles have acquired a generic name because of the descriptive nature given to them during enjoyment of the patent monopoly, the public has the right to describe such machines or products by their generic names as well as to make the patented articles when the patents have expired.

Yet in the *Singer* case, it was expressly held by this Court that although the defendant had the right to make sewing machines of the expired patents and to refer to them by the word "Singer", which had become generic, such was

> "subject, however, to the condition that the name must be so used as not to deprive others of their rights or to deceive the public, and, therefore, that the name must be accompanied with such indications that the thing manufactured is the work of the one making it *as will unmistakably inform the public of that fact.*" [163 U. S. 200, Emphasis ours.]

So also in the *Kellogg* case, this Court held that because of patent expiration and generic description, the defendant had the right to make "shredded wheat biscuits", to call them "shredded wheat" and to make them in the pillow form as made by plaintiff in its patented machines and patented designs which at that time had expired. Nevertheless, the Court said:

> "The question remains whether Kellogg Company in exercising its right to use the name 'Shredded Wheat' and the pillow-shaped biscuit, is doing so fairly. Fairness requires that it be done in a manner which reasonably distinguishes its product from that of plaintiff." [305 U. S. 120.]

It was decided in the *Kellogg* case that defendant was exercising its right fairly, for as this Court pointed out defendant sold its product only in cartons which were "distinctive" and which did not resemble plaintiff's "either in size, form, or color". The Court said:

> "And the difference in the labels is striking. The Kellogg cartons bear in bold script the names 'Kellogg's Whole Wheat Biscuit' or 'Kellogg's Shredded Whole Wheat Biscuit' so sized and spaced as to strike the eye as being a Kellogg product." [305 U. S. 120.]

It is submitted that the decisions in the *Singer* and *Kellogg* cases are directly contrary to the petitioner's contentions and that the decision which the petitioner attacks is completely in harmony with those leading decisions of this Court.

Petitioner committed its acts of unfair competition not after patent monopolies had been enjoyed by respondent and had expired, but even before any patent rights existed. Petitioner was not therefore exercising the right of the public to utilize the teachings of an expired patent nor even to utilize the teachings of a patent which petitioner

was advised was invalid. Even if petitioner had the right to make pole lamps which were similar in appearance to those later described in respondent's patents, such would give petitioner no right to copy respondent's products in detail and to fail to inform the public as to the origin of its goods. It would seem to be absolutely clear from the decisions of this Court in the *Singer* case and in the *Kellogg* case that petitioner was under an obligation to label the products or mark them as to origin in exercising its rights fairly. Petitioner did not at any time mark its pole lamps so as to "unmistakably inform the public" of the fact that such were made and sold by Sears and not by Stiffel. Never at any time did petitioner compete in the sale of pole lamps fairly within the definitions of fairness which this Court has repeatedly asserted. In fact as its petition clearly shows, petitioner feels that it should be exempt from the "principles of old fashioned honesty"[7] as a standard of business conduct.

In this case, petitioner has persistently twisted, turned, squirmed and evaded the principles of fair business conduct and even in its present petition it ignores the deliberate manner in which it in fact confused the public by its sales of exact copies of respondent's original and commercial pole lamps without identifying itself as the source of its copies.

Petitioner has received no more than it deserves by the judgment of the District Court as affirmed by the Court of Appeals, enjoining petitioner from its course of conduct of "unfairly competing with plaintiff" in the manufacture and sale of pole lamps.

---

7. *Day-Brite Lighting, Inc.* v. *Compco Corporation*, *supra* at page 30.

CONCLUSION.

For the foregoing reasons, the petition for writ of certiorari should be denied.

Respectfully submitted,

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1963.

No. 108

SEARS, ROEBUCK AND CO.,
Petitioner,

vs.

THE STIFFEL COMPANY,
Respondent.

PETITIONER'S BRIEF.

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IN THE

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OCTOBER TERM, 1963.

No. 108.

SEARS, ROEBUCK AND CO.,

Petitioner,

vs.

THE STIFFEL COMPANY,

Respondent.

PETITIONER'S BRIEF.

CITATIONS TO OPINIONS BELOW.

The District Court's Findings of Fact and Conclusions of Law, in support of the Judgment of the District Court, are found at R. 56-68. The District Court's Judgment was rendered on January 22, 1962 and is found at R. 68-69.

The Opinion and Decision of the United States Court of Appeals for the Seventh Circuit was rendered on January 23, 1963, and is found at R. 110-114 and reported in 313 F. 2d 115. Rehearing was denied by the Court of Appeals, without opinion, on March 4, 1963.

JURISDICTION.

The jurisdiction of this Court is invoked under 28 U. S. C. § 1254(1).

CONSTITUTIONAL PROVISION AND STATUTES INVOLVED.

Article I, Section 8, Clause 8 of the Constitution of the United States:

> "The Congress shall have Power * * * to promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."

35 U. S. C. § 171:

> "Whoever invents any new, original and ornamental design for an article of manufacture may obtain a patent therefor. . . ."

35 U. S. C. § 173:

> "Patents for designs may be granted for the term of three years and six months, or for seven years, or for fourteen years, as the applicant, in his application, elects."

35 U. S. C. § 281:

> "A patentee shall have remedy by civil action for infringement of his patent."

28 U. S. C. § 1338:

> "(a) The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents, copyrights and trademarks. Such jurisdiction shall be exclusive of the courts of the states in patent and copyright cases.
>
> "(b) The district courts shall have original jurisdiction of any civil action asserting a claim of unfair competition when joined with a substantial and related claim under the copyright, patent or trade-mark laws."

QUESTION PRESENTED.

Where the Constitution of the United States (Article I, Section 8, Clause 8) grants to Congress the power to promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries, can a federal court, applying what it believes to be the State law of "unfair-competition", perpetually enjoin the sale of copies of a patented device after the patent covering the device has been judicially terminated?

STATEMENT OF THE CASE.

Respondent, The Stiffel Company (hereinafter referred to as "Stiffel"), sued Petitioner, Sears, Roebuck and Co. (hereinafter referred to as "Sears") for infringement of a mechanical patent and a design patent, and for "unfair competition" arising out of the sale by Sears of so-called "pole lamps". The Design Patent covered, pursuant to 35 U. S. C. § 171, the ornamental design or aesthetic appearance of a particular pole lamp. Plaintiff's claim for unfair competition was based on the ground that Sears had copied the details of the ornamental appearance of Stiffel's commercial embodiment of the same particular pole lamp covered by the design patent, and that the sale by Sears of such pole lamps had resulted in confusion in the trade and had amounted to unfair competition (R. 3-5).

The District Court found both of Stiffel's patents to be invalid,[1] but held Sears to be guilty of unfair competition.[2] The Court of Appeals affirmed (R. 114).

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1. As to the Design Patent: "2. The Claim of U. S. Patent No. 180,251 is hereby declared to be invalid." R. 68.

2. As to Unfair Competition: "3. Defendant and its agents, representatives and employees, are hereby enjoined from unfairly competing with plaintiff by selling or attempting to sell pole lamps identical to or confusingly similar to plaintiff's exhibits 3 and 10." R. 68.

Stiffel is a manufacturer of high-quality portable lamps (Finding 2, R. 57). Stiffel was not the first to disclose, sell or use a so-called "pole lamp" (Finding 9, R. 58; Finding 12, R. 59; Finding 15, R. 60; Finding 25, R. 62).

The pole lamps of this case are characterized by a pole having three vertically spaced lamps alternating on opposite sides of the pole (Finding 18, R. 61). Although not suggested by the Stiffel design patent, the commercially sold product is intended to be wedged between the floor and the ceiling so that the lamps may be directed in various desired ways (Plaintiff's Exhibit 17, R. 93). Stiffel's design-patented pole lamp, having the particular ornamental design appearance here involved (Plaintiff's Physical Exhibit 3), was first displayed during January 1956 (R. 17). Thereafter, in May 1957, Stiffel obtained a design patent for the ornamental design appearance of this particular version of a pole lamp (Des. 180,251, R. 71).

In August 1956, Randolph Metal Works of Philadelphia, a supplier to Sears of portable lamps, began the manufacture of pole lamps for inclusion in the Sears line (Finding 41, R. 65). The Sears pole lamp (Plaintiff's Physical Exhibit 10; and photograph thereof, Plaintiff's Exhibit 11, R. 89) was found below to be a copy of the design patented pole lamp manufactured and sold by Stiffel, Plaintiff's Physical Exhibit 3 (Finding 40, R. 64-65). The lighting fixture shown in the drawing of the Stiffel Design Patent No. 180,251 of May 1957 (R. 71) and the Stiffel pole lamp of Plaintiff's Physical Exhibit 3 are one and the same ornamental design.

The Judgment of the District Court held the Stiffel design patent to be invalid because anticipated by and lacking in invention over: (1) the prior public use in this country, before the Stiffel invention and more than one year before the date of the application for the Stiffel de-

sign patent, of a "Deca Pole" lighting fixture, Defendant's Exhibit 55 (Conclusion 3[a], R. 66-67), and (2) the description and public disclosure of a "Lamp Tree" lighting fixture, before the Stiffel invention and more than one year before the date of the application for the Stiffel design patent, in national publications[3] (Conclusion 3[b], R. 67).

The Judgment of the District Court, notwithstanding the holding that the Stiffel design patent is invalid because anticipated by and lacking in invention over prior public use and five prior publications, held Sears to be guilty of unfair competition under the law of the State of Illinois, on the ground that the similarity in appearance between the commercial pole lamps of Sears and Stiffel is so close that confusion between them is likely and some confusion had already occurred (Finding 42, R. 65; Judgment, paragraph 3, R. 68).

The Court of Appeals affirmed the District Court holding of unfair competition, and ruled in the Opinion that there was "customer confusion" because of the "sameness of appearance" (R. 113).[4]

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3. "Quick" magazine, January 30, 1950, page 42; "Lighting & Lamps" magazine, February 1950, pages 80 and 81; "The New York Times Magazine", February 12, 1950, pages 38 and 39 and August 22, 1954, page 36; "Architectural Forum" magazine, June 1950, page 212.

4. "The Stiffel pole lamps and that of Sears made from a copy of a picture of the Stiffel lamp are before us as exhibits. A comparison of the two gives substantial support for the finding that the lamps have a remarkable sameness of appearance. And there is testimony of buyers for Marshall Field and Company and John M. Smyth Company of customer confusion."

oly for a limited term of 14 years, that election of rights and remedies was irrevocable. Stiffel cannot, after the patent monopoly has been held invalid, fall back upon the varying common law of unfair competition of any of the states in which suit might be brought against its competitor, Sears, and invoke through the federal courts a perpetual monopoly under state law in lieu of the invalid federal protection voluntarily sought by Stiffel under the patent laws for the strictly limited statutory life of a design patent.

G. It is contrary to the national policy promulgated by Congress through the patent laws (Title 35 U.S.C., pursuant to Article I, Section 8, Clause 8, of the Constitution of the United States) to restrain under state law the right to copy, except where copying is lawfully prevented by a valid copyright or patent. It is essential under the philosophy of free competition that Sears be permitted to enjoy the right of a competitor to copy the dedicated subject matter of an invalid patent, free of domination by the local law of a single state.

ARGUMENT.

A. The Decision of the Court of Appeals in This Case Interprets and Relies Upon the Illinois Law of Unfair Competition in Trademark Cases.

Stiffel seeks protection against copying of the ornamental appearance of its pole lamp by its competitor, Sears, under *both* the federal Design Patent law and the unfair competition law of Illinois. The subject matter for which Stiffel seeks protection under the state unfair competition law, however, is encompassed exclusively within the federal law of design patents. Since this Court's decision in *Erie Railroad* v. *Tompkins*, 304 U. S. 64, federal courts in patent, federal trademark and copyright cases have applied the law of the state to related issues, such as unfair competition, but only where such issues were not governed by federal law.[5] For example, in cases involving mechanical patents, the federal courts have applied federal statutory law to the scope and validity of the patented subject matter, but have applied state law to subject matter outside the scope of the patent monopoly such as unfair competition arising out of conduct not embraced by the patent. *In this case, there is no subject matter outside the scope of the invalid Stiffel design patent.*

The Court of Appeals for the Seventh Circuit in this case has erroneously applied the *Erie Railroad* v. *Tompkins* (*supra*) rule to an issue governed exclusively by federal law. Under Illinois law, as interpreted by the Court of Appeals in this case, mere copying and likelihood of confusion between the products of the parties is sufficient to constitute unfair competition. That state law has been erroneously applied to preclude Sears from selling in in-

terstate commerce the exclusively federal subject matter of a design patent.

The Court of Appeals based its Opinion primarily upon the prior *trademark* case decisions of the Illinois Supreme Court (*Investors Syndicate of America, Inc.* v. *Edward J. Hughes, Secretary of State*, 378 Ill. 413, 422, 1942) and the Illinois Appellate Court (*Lady Esther Limited* v. *Lady Esther Corset Shoppe*, 317 Ill. App. 451, 1943). These state trademark decisions had been interpreted by the Court of Appeals earlier in *Independent Nail & Packing Company, Inc.* v. *Stronghold Screw Products, Inc.*, 205 F. 2d 921 (C. A. 7, 1953), and in *National Van Lines* v. *Dean*, 288 F. 2d 5 (C. A. 7, 1961). None of these *trademark* case precedents involved either federal *patent* grants or the problem of collision between federal and state laws.

The Court of Appeals for the Seventh Circuit has established in this case a rule of law for federal courts of the State of Illinois by which it is "unnecessary to prove more than the likelihood of confusion as to the source of the product in order to make out a case of unfair competition."[6] Such a rule of law is so broad and sweeping, as to be wholly unprecedented by prior case decision in either the Seventh Circuit or any other Circuit. Generally, the unfair competition cases which have arisen in the State of Illinois,

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5. Patent case: *West Point Manufacturing Co.* v. *Detroit Stamping Co.*, 222 F. 2d 581, C. A. 6, 1955. Design patent case: *Zangerle & Peterson Co.* v. *Venice Furn. Novelty Mfg. Co.*, 133 F. 2d 266, C. A. 7, 1943. Federal trademark case: *Philco Corporation* v. *Phillips Mfg. Co.*, 133 F. 2d 663, C. A. 7, 1943. Copyright case: *G. Ricordi & Co.* v. *Haendler*, 194 F. 2d 914, C. A. 2, 1952.

6. Note 7, R. 113-114: "Under Illinois law, which governs here, it was unnecessary to prove more than the likelihood of confusion as to the source of the products in order to make out a case of unfair competition. *Independent Nail & Packing Co., Inc.* v. *Stronghold Screw Products, Inc.*, 205 F. 2d 921, 926 (7th Cir. 1953), *National Van Lines* v. *Dean*, 288 F. 2d 5, 9 (7th Cir. 1961). Those were trademark cases, but the rule is also applied in design patent unfair competition cases. *Day-Brite Lighting, Inc.* v. *Compco Corp.*, 311 F. 2d 26 (7th Cir., Dec. 14, 1962)."

and which have been applied previously by the federal courts of the Seventh Circuit, broadly fall into two categories: (1) misappropriation of a competitor's equitable property rights, and (2) misrepresentation of commercial source.

The first category rests upon a property right in an identification of a man's goods with him as their source of origin. The state and federal cases alike speak of "trademarks" and "secondary meaning" and "distinctiveness" and "special significance." All such cases and all such terms simply relate to the basic principle of identification of goods with a specific source. Such an identification may represent a valuable property right which the local state law of unfair competition protects against misappropriation.

The second category of unfair competition case law relates to various species of fraud and deception. Under these cases, both state and federal, the element of identification of goods with their source is unnecessary, and the law remedies the fundamental right to compete free from "counterfeits" and misrepresented imitations, as well as to compete free from the many other species of fraud which attack a competitor's business relations (such as intimidation, interference with contracts, and disparagement).

In the present case, Stiffel had failed to qualify under either of the two general categories of unfair competition. Stiffel had established no property right arising out of "secondary meaning" or its equivalent, and none was found. Plaintiff had proven no conduct of fraud or deception such as "palming off" by defendant, and none was found. There is neither the element of secondary meaning or its equivalent, nor the element of palming off or its equivalent in this case.

The Court of Appeals erroneously construed the District

Court's finding of "confusion" (Finding 42, R. 65) to be customer confusion as to source (R. 113, note 6):

> "The finding of customer confusion does not say 'as to the source of the lamps.' Clearly, however, that was intended on this record in view of the testimony of the buyers."

A reading of the actual testimony of the two buyers (Pemberton, R. 19-22; Passmore, R. 22-24) shows them to be skilled and *not* confused, and can in no way be construed as evidence of actual confusion by the purchasing public. The evidence shows nothing more than consumer dissatisfaction with the fact that the Sears product sold for half the price of the Stiffel product (R. 20-21).[7]

The only design patent case, involving facts in any way comparable to those of this case, relied upon by the Court of Appeals in support of the reasoning of its Opinion, is the case of *Day-Brite Lighting Inc.* v. *Compco Corp.*, 311 F. 2d 26 (C. A. 7, 1962), presently before this Court upon essentially the same question in No. 106, October Term, 1963.

In order best to preface the position of Sears in this case, it may be helpful to consider first what Sears does *not* contend. Sears does not contend that this Court should change the local law of the State of Illinois relating to unfair competition, although that law as construed by the Court of Appeals for the Seventh Circuit is not in accord with the application of the local law of unfair competition of other states by the federal courts of other Circuits. Sears does not contend that the federal courts, in cases involving issues not subject to a controlling federal statute

7. " • • • The customer's complaint was based upon the fact that she had bought a Stiffel Lampole at $39.50 as I recall, and she had then thereafter, seen a catalog item that looked to be similar at a much lesser price, and her question to me was why was this same pole half the price from somebody else. • • •"

or policy, cannot enjoin acts of unfair competition in violation of the state laws.[8]

The argument made here by Sears is simply that the federal courts may not apply local state law to enjoin forever the sale of an article of manufacture merely because it has a particular ornamental design appearance which, according to the District Court's Finding 42 (R. 65), caused confusion, where that identical ornamental appearance is the sole subject matter of the complainant's own invalid design patent. There can be no real question but that the federal law of design patents must control over the state law of unfair competition.

If a seller is remiss in clearly identifying his product, and thereby risks confusion by the purchaser, the court may properly require specific identification.[9] If an imitator is guilty of misrepresenting his product as that of the originator, the court may properly enjoin further acts of misrepresentation, whatever they may be. Sears' position in this case is that the federal courts may not enjoin the sale of a product by Sears merely because its design appearance has caused confusion, *where that design appearance is the subject matter of a design patent which is invalid as to Sears.*

The injunction of the Judgment below runs contrary to

8. The rights which are secured to inventors under the Constitution of the United States and the federal patent statutes must be enjoyed in subordination to the general authority of the individual states over all property within their limits. For example, a state statute may restrict the use or practice of a patented invention, *Patterson* v. *Kentucky*, 97 U. S. 501 (1879); a state may prescribe reasonable regulations for the transfer of patent rights, *Allen* v. *Riley*, 203 U. S. 347 (1906); and royalties received from patents are subject to non-discriminating state income taxes, *Fox Film Corp.* v. *Doyal*, 286 U. S. 123 (1932).

9. In *Prestonettes, Inc.* v. *Coty*, 264 U. S. 359, Justice Holmes approved the requirement that repackaged Coty perfume bear a label advising purchasers that Prestonettes was not connected with Coty, so as not to deceive the public.

the Constitutional provision which grants to inventors the exclusive right to their discoveries only "for limited times." As to Sears, the inventor in this case continues to have the same monopoly which the federal courts have erased pursuant to the patent statutes enacted by Congress.

B. The Federal Government Has Exclusive Jurisdiction Over Patents Under the Federal Patent Laws Enacted Pursuant to the Constitution.

Under the Constitution of the United States, the several states relinquished and conferred upon the federal government exclusive jurisdiction in the grant of patent monopolies to promote the progress of science and useful arts. Prior to the enactment by Congress of the first patent statutes, many of the states had granted patent monopolies to inventors as part of the inherent sovereignty of each state.[10]

In *The Federalist*, No. XLIII, James Madison commented on the necessity for the exclusive Constitutional power of the Congress in patents (Tudor Publishing Co. edition, New York, 1942, p. 294):

> "The utility of this power will scarcely be questioned. The copyright of authors has been solemnly adjudged, in Great Britain, to be a right of common law. The right to useful inventions seems with equal reason to belong to the inventors. The public good fully coincides in both cases with the claims of individuals. The States cannot separately make effectual provisions for either of the cases, and most of them have anticipated the decision of this point, by laws passed at the instance of Congress."

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10. A historical review of the origin of the patent monopoly in the United States is found in Walker On Patents, Deller's Edition, Volume One, Chapter I. At § 7, pp. 28-32, the grant by individual states of patents limited to the territory of the state is documented by reference to the Twelfth Census of the United States for 1900. Such rights, prior to the passage of the federal patent statutes, were recognized both by Congress and by the courts.

The first patent statute passed by the Second Congress in 1793, 2 ANNALS OF CONG. 1431 (1849) [1791-1793], recognized that the power of the states in patent matters was relinquished to the federal government.[11] By enacting legislation pursuant to the Constitutional provision, Congress invoked the exclusive jurisdiction of the federal government to exercise the power to promote the progress of science and useful arts through the grant of patents.

In the early case of *Gibbons* v. *Ogden*, 9 Wheaton 1, Chief Justice John Marshall spoke for the Court in ruling that a New York State court could not issue an injunction to prohibit movement of boats in interstate commerce under authority of state patent statutes in order to arrest infringement. Although this decision was based primarily upon the exclusive power of Congress to regulate interstate commerce, the unquestionable and irrefutable principle laid down applies to the patent clause as well as to the interstate commerce clause of Article I of the Constitution.

Unless the exclusive power of Congress in patent matters is preserved, an erosion of the integrity of the Constitution will be risked. The present case presents the same kind of hazard as was recognized in *Gibbons* v. *Ogden* (9 Wheaton 1, 221):

> "Powerful and ingenious minds, taking, as postulates, that the powers expressly granted to the government of the Union are to be contracted, by construction, into the narrowest possible compass, and that the original powers of the States are retained, if any possible construction will retain them, may,

11. Section 7 provided: "That where any State, before its adoption of the present form of Government, shall have granted an exclusive right to any invention, the party claiming that right shall not be capable of obtaining an exclusive right under this act, but on relinquishing his right under such particular State, and of such relinquishment, his obtaining an exclusive right under this act shall be sufficient evidence."

by a course of well digested, but refined and metaphysical reasoning, founded on these premises, explain away the constitution of our country, and leave it a magnificent structure indeed, to look at, but totally unfit for use."

The patent statutes specify that a mechanical patent shall expire in seventeen years (35 U.S.C. 154), and that a design patent shall expire either in three and one-half, in seven, or in fourteen years (35 U.S.C. 173), depending upon the term for which it was granted. In discussing the purpose of the patent statutes, this Court stated in *Scott Paper Co.* v. *Marcalus Mfg. Co.*, 326 U. S. 249, 255:

"The enactment of these provisions is the mode by which Congress has chosen to carry into effect the policy sanctioned by the Constitution, Article I, § 8, Cl. 8 'To promote the Progress of Science and useful Arts, by securing for limited Times to * * * Inventors the exclusive Right to their * * * Discoveries.' The nature and extent of the legal consequences of the expiration of a patent are federal questions, the answers to which are to be derived from the patent laws and the policies which they adopt. Cf. *Sola Electric Co.* v. *Jefferson Co.*, 317 U. S. 173, 176, 63 S. Ct. 172, 173, 87 L. Ed. 165; *Steele* v. *Louisville & N. R. Co.*, 323 U. S. 192, 204, 65 S. Ct. 226, 233, and cases cited."

The question of federal supremacy in the field of patents is well settled in reason, principle, and precedent. If there is a collision of the federal and state laws relative to the legal effect of the termination of the federally limited life of a patent monopoly, then the state law must yield. Just as this Court held in *Sperry* v. *State of Florida*, 371 U. S. 875, the law of the State of Illinois cannot control the economic and competitive effect of patents:

"But 'the law of the State, though enacted in the exercise of powers not contravened, must yield' when incompatible with federal legislation."

C. The Patent Grant Is Limited in Time and Upon Termination the Subject Matter May Be Freely Used.

The patent statutes were designed, under the Constitution, to promote the progress of science and useful arts by encouraging inventors to make their inventions known rather than to keep them secret. The reward given the inventor in return for his contribution of public disclosure, rather than the pursuit of his alternative of maintaining secrecy, is a *limited* monopoly. This is the contract between the inventor and the public: the public enjoys free use of the inventor's disclosure upon termination of the limited patent monopoly. In *Scott Paper Co.* v. *Marcalus Mfg. Co.*, 326 U. S. 249, 256, this Court stated:

> "The public has invested in such free use by the grant of a monopoly to the patentee for a limited time. Hence any attempted reservation or continuation in the patentee or those claiming under him of the patent monopoly, after the patent expires, whatever the legal device employed, runs counter to the policy and purpose of the patent laws."[12]

The inventor makes his dedication to the public at the time his patent is published on its date of grant. The published disclosure of the invention then belongs to the public save for the exclusive right of the inventor to make, use and sell his claimed invention for the limited time of the term of the patent (*Korzybski* v. *Underwood & Underwood*, 36 F. 2d 727, 729, 2nd Cir. 1929). Upon termination of the limited monopoly the public becomes entitled to share in the good will which may have been built up in the patented article or product through the enjoyment of the patent monopoly by the patent owner.

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12. Although the subject matter of the case was a seventeen-year patent, the principles involved are identically applicable to the shorter term of life of fourteen years or less of design patents.

The sound reasoning of *Scott Paper Co.* v. *Marcalus Mfg. Co.* (*supra*) is particularly applicable to the present case because of the reliance by the Court of Appeals upon prior decisions in *trademark* cases to support the grant of a perpetual unfair competition monopoly in lieu of a statutory patent monopoly. The federal courts may not, as the Court of Appeals did here, resort to the trademark law under the guise of unfair competition, and create a perpetual monopoly as to Sears and bar absolutely any participation in the good will built up in the patented article (*Scott Paper Co.* v. *Marcalus Mfg. Co.*, 326 U. S. 249, 256):

> "Hence we have held that the patentee may not exclude the public from participating in that good will or secure, to any extent, a continuation of his monopoly by resorting to the trademark law and registering as a trademark any particular descriptive matter appearing in the specifications, drawings or claims of the expired patent, whether or not such matter describes essential elements of the invention or claims. *Kellogg Co.* v. *National Biscuit Co.*, *supra*, 305 U. S. at pages, 117-120, 59 S. Ct. at pages 113, 114, 83 L. Ed. 73; *Singer Manufacturing Co.* v. *June Manufacturing Co.*, 163 U. S. 169, 185, 16 S. Ct. 1002, 1007, 41 L. Ed. 118."

D. The Decision of the Court of Appeals for the Seventh Circuit Is Contrary to the Express Intent and Purpose of the Federal Patent Grant.

By invoking the law of trademarks and unfair competition *of the State of Illinois;* the Court of Appeals has perpetually enjoined Sears from selling the pole lamp shown in the invalid Stiffel design patent *anywhere throughout the entire United States.*

As to Sears, Stiffel's fourteen-year monopoly in the design shown and claimed in the design patent ceased to exist

when the Court below held the patent invalid. The injunction granted below to enjoin Sears, perpetually and *without any qualifying limitation* from "selling or attempting to sell pole lamps identical to or confusingly similar to" the very same subject matter as the invalid patent, is contrary to the exclusive federal power to grant patents, and through the District Courts to enforce or invalidate them. The judicial determination of the scope and economic effect of patent monopolies is exclusively one for the federal courts (28 U.S.C. § 1338).[13]

Because Sears' copying of Stiffel is deemed unlawful and enjoinable under Illinois law, as construed in this case by the Court of Appeals, Sears is restrained from selling the enjoined product *in every state* without regard to the legality or illegality of the enjoined conduct in the forty-nine states other than Illinois. To allow the varying laws of each state to control activities that are potentially subject to federal regulation under the patent statutes involves a danger of conflict with national patent policy. The assertion of power by the individual states to regulate intrastate commerce can be just as effectively asserted through an award of damages as through injunctive relief.[14] (See Conclusion 7, R. 68.)

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13. "§ 1338. Patents, copyrights, trade-marks, and unfair competition.

(a) The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents, copyrights and trade-marks. Such jurisdiction shall be exclusive of the courts of the states in patent and copyright cases.

(b) The district courts shall have original jurisdiction of any civil action asserting a claim of unfair competition when joined with a substantial and related claim under the copyright, patent or trade-mark laws."

14. The principle urged here is that the federal courts must defer to the patent laws and cannot invoke the local state law of unfair competition where the application of such local law presents a danger of state interference with national policy. This principle of federal supremacy has been invoked by this Court in various

Whenever copying as such is prohibited by the courts, the scope of competition in production and marketing of the copied product is correspondingly reduced, thereby compromising by judicial monopoly the basic free enterprise premise "* * * that the unrestrained interaction of competitive forces will yield the best allocation of our economic resources, the lowest prices, the highest quality and the greatest material progress. . . ." *Northern Pacific Railroad* v. *United States*, 356 U. S. 1, 4.

The decision of the Court of Appeals in this case directly thwarts the constitutional purpose of the patent system to *promote* the progress of science and the useful arts through *limited* monopolies. Unless the public and all litigants are free to utilize the knowledge disclosed in a patent either upon expiration or upon judicial invalidation of the patent's life, then the co-mingling of patent rights with state laws in federal litigation between competitors can leave the patent system of our country "* * * a magnificent structure indeed, to look at, but totally unfit for use."[15]

E. The Seventh Circuit Court of Appeals Decision Is Contrary to Applicable Precedents in the Second Circuit.

The problem of conflict between state and federal law in the judicial determination of statutory monopolies by the federal courts arose in the copyright case of *G. Ricordi & Co.* v. *Haendler*, 194 F. 2d 914 (C.A. 2, 1952). Copyrights and patents are twin rights, stemming from the same provision in the Constitution. Consequently, the principles and

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fields of law which affect the free flow of interstate commerce; e.g., the field of labor law (*San Diego Building Trades Council, etc.* v. *Garmon*, 359 U. S. 236, 245), and the field of interstate transportation (*Southern Pac. Co.* v. *State of Arizona*, 325, U. S. 761, 767).

15. The language applied by Chief Justice Marshall to the risk of erosion of the Constitution under the facts of *Gibbons* v. *Ogden*, 9 Wheaton 1, 221, is apt here.

reasoning of the *Ricordi* case (*supra*) are directly applicable to the question presented by the present patent case. In the *Ricordi* case (*supra*) the plaintiff owned a copyright on Verdi's opera "Falstaff". The Copyright expired. The defendant photographically copied pages of the copyrighted book including "a special typography" in addition to the vocal and piano scores. The plaintiff conceded that the defendant was free to copy the vocal and piano scores word for word and note for note, but contended that including the typography constituted unfair competition under the law of the State of New York.

Judge Learned Hand, speaking for the court, said with respect to the New York cases relied upon by the plaintiff (194 F. 2d 914, at 915):

> "* * * None of the decisions on which the plaintiff relies held that after copyright had expired the 'author' may prevent others from copying.
>
> "However, even if the law of New York were to that effect, we should feel obliged to disregard it, because the question before us is one of federal law: *i.e.* Did the plaintiff preserve any rights after publication in the book except those granted by the Copyright Act? * * * However, even though the state law held that publication was not a dedication we should feel bound to disregard it, because the question would still be, not one of state law, but of federal law."

Sears' position in this case is fully supported by the principle applied by the Court of Appeals for the Second Circuit to the virtually identical facts of *Hygienic Specialties Co.* v. *H. G. Salzman, Inc.*, 302 F. 2d 614 (C.A. 2, 1962). The Complaint in that case was based upon design patent infringement and unfair competition. Just as here, the design patent was held invalid, but, contrary to the ruling of the Court of Appeals for the Seventh Circuit in this case, the defendant's right to copy the subject matter of the invalid design patent was confirmed (302 F. 2d 614, at 619):

> "Since Hygienic's soap dish was not protected by a valid design patent, there was little to prevent others from producing similar articles. The District Court was greatly disturbed by Hutzler's 'Slavish Imitation' of Hygienic's 'successful product.' This reaction is understandable. * * * [Quoting from *American Safety Table Co.* v. *Schreiber*, 269 F. 2d at pp. 271-272.] * * * But, as Judge Medina points out in the quoted opinion, 'this initial response to the problem has been curbed in deference to the greater public good,' apparently on the principle that 'imitation is the life blood of competition.' Id. at p. 272. Therefore, the courts have repeatedly held that the copying of an unpatented design does not in itself constitute unfair competition. *Algren Watch Findings Co., Inc.* v. *Kalinsky*, 197 F. 2d 69, 70 (2nd Cir. 1952); *General Time Instruments Corp.* v. *U. S. Time Corp., supra*, 165 F. 2d at p. 854."

The Court of Appeals for the Seventh Circuit in this case has perpetually enjoined Sears from selling pole lamps identical to or confusingly similar to the subject matter of the invalid Stiffel design patent (Plaintiff's Exhibits 3 and 10) on the ground that confusion has resulted because Sears copied Stiffel. Thus, the Illinois law of unfair competition, right or wrong and relevant or irrelevant, has been applied in dominance over the federal law of patents. The decisions of the Court of Appeals for the Second Circuit, however, carefully avoid any dominance of state over federal law in a collision between the restraints of the local state law of unfair competition and the right of the public to copy the subject matter of patents or copyrights that have been terminated by expiration or by judicial invalidation. The Second Circuit has correctly invoked and upheld the necessary dominance of the federal law. The principles and reasoning of the Seventh Circuit in this case are in conflict with the sound and harmonious rulings of the Second Circuit.

F. That Sears Copied Stiffel's Commercial Product Rather Than the Drawings of the Patent Is of No Consequence.

Sears produced its commercial pole lamp (Plaintiff's Exhibit 10) by copying one of Stiffel's commercial pole lamps (Finding 43, R. 65) *before* the Stiffel design patent (Plaintiff's Exhibit 2, R. 71) had issued. This chronology is of no consequence to the question presented by this case. When Stiffel elected to rely upon the federal Patent Statutes to protect its pole lamp design, by securing a statutory monopoly on it for a limited term of fourteen years or less, that election of rights and remedies was irrevocable. Stiffel cannot, after the patent monopoly has been held invalid, fall back upon the varying common law of unfair competition of any of the states in which suit might be brought against its competitor, and invoke a perpetual monopoly in lieu of the protection voluntarily sought by Stiffel under the patent laws for the strictly limited statutory life of a design patent.

With respect to protection in Illinois, Stiffel might have relied solely upon the common law of unfair competition without ever applying for a patent. It is significant, however, that none of the Illinois cases relied upon by the Court of Appeals for the Seventh Circuit are proper precedents for holding Sears guilty of unfair competition even before the state courts. All of the Illinois cases applied by the Court of Appeals to the facts of this case were based upon a trademark or a trade name as a protectable property right for establishing an identification of source of a product. But the procedure of relying upon the Illinois State law of unfair competition, even if successful, would have given Stiffel no rights in other states. By electing to protect the appearance of its pole lamp with the statutory monopoly of a design patent, Stiffel sought uniform pro-

tection in all fifty states, and sought all the rights and benefits of federal law, including the right of access to the federal courts to secure remedies for infringement which Stiffel invoked in this case.

The consequences of the invalidity of the Stiffel design patent cannot now be avoided by Stiffel merely because Sears derived its product by reproducing Stiffel's commercial pole lamp rather than by copying the same design from the patent disclosure. The ornamental design of the Stiffel patent and the Stiffel article of manufacture are one and the same.

Unlike a mechanical patent which covers the relationship of structural elements, a design patent for an article of manufacture can cover no more than the ornamental appearance of that article. The Stiffel commercial pole lamp (Plaintiff's Exhibit 3), which Sears is enjoined from copying under the Judgment below, is the identical subject matter for which Stiffel obtained, invoked and lost the rights and remedies of a statutory patent monopoly under federal Constitutional power.

G. The Right of Competitors to Imitate Is Inherent in Our Economic System.

Free competition is a matter of great public importance in the United States. The philosophy that free competition, without the artificial restraint of judicially conferred monopolies, results in the greatest material progress was expressed by the Court of Customs and Patent Appeals, a court which hears many cases in the patent field and sits as an appellate tribunal of last resort with respect to the decisions and rulings of the Patent Office (*In re Deister Concentrator Co., Inc.*, 129 USPQ 314, 319 (1961).):

> "It is basic to our consideration, therefore, that the socio-economic policy supported by the general law is

the encouragement of competition by all fair means, and that encompasses the right to copy, very broadly interpreted, except where copying is lawfully prevented by a copyright or patent."

It is essential that, upon termination of a patent, whether by expiration or invalidity, the right of competitors to copy the dedicated subject matter be free of domination by local state law.

CONCLUSION.

The Judgment of the Court below, holding Sears guilty of unfair competition against Stiffel under the law of the State of Illinois, is contrary to national patent policy and to the controlling federal law of design patents because the enjoined design subject matter is identical to that of Stiffel's invalid design patent. Stiffel's limited monopoly in the design has been judicially ended by federal law and cannot be replaced by a perpetual monopoly under state law. The Judgment below should be reversed.

Respectfully submitted,

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In the Supreme Court of the United States

OCTOBER TERM, 1963

No. 106

COMPCO CORPORATION, PETITIONER

v.

DAY-BRITE LIGHTING, INC.

No. 108

SEARS, ROEBUCK & CO., PETITIONER

v.

THE STIFFEL COMPANY

ON WRITS OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

BRIEF FOR THE UNITED STATES AS AMICUS CURIAE

OPINIONS BELOW

In No. 106, the opinion of the court of appeals (Compco R. 323–329)[1] is reported at 311 F. 2d 26; the findings of fact and conclusions of law of the district court (Compco R. 297–302) are unreported.

In No. 108, the opinion of the court of appeals (Sears R. 110–114) is reported at 313 F. 2d 115.

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[1] The record in No. 106 will be cited as "Compco R. —"; the record in No. 108 will be cited as "Sears R. —."

The findings of fact and conclusions of law of the district court (Sears R. 56–68) are unreported.

JURISDICTION

In No. 106, the judgment of the court of appeals was entered on December 14, 1962 (Compco R. 329) and rehearing was denied on January 18, 1963 (Compco R. 330). The petition for a writ of certiorari was filed on April 11, 1963, and was granted on June 17, 1963 (Compco R. 331; 374 U.S. 825).

In No. 108, the judgment of the court of appeals was entered on January 23, 1963 (Sears R. 115), and rehearing was denied on March 4, 1963 (Sears R. 116). The petition for a writ of certiorari was filed on April 15, 1963, and was granted on June 17, 1963 (Sears R. 117; 374 U.S. 826).

The jurisdiction of this Court is conferred by 28 U.S.C. 1254(1).

CONSTITUTIONAL PROVISION AND STATUTES INVOLVED

Article I, Section 8 of the Constitution of the United States provides:

> The Congress shall have Power * * * [Clause 8] [t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.

The pertinent provisions of the United States Patent Code, Title 35 U.S.C., are as follows:

> SECTION 101. Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

> SECTION 154. Every patent shall contain a short title of the invention and a grant to the patentee, his heirs or assigns, for the term of seventeen years, of the right to exclude others from making, using, or selling the invention throughout the United States, referring to the specification for the particulars thereof. * * *
>
> SECTION 171. Whoever invents any new, original and ornamental design for an article of manufacture may obtain a patent therefor, subject to the conditions and requirements of this title.
>
> SECTION 173. Patents for designs may be granted for the term of three years and six months, or for seven years, or for fourteen years, as the applicant, in his application, elects.

Section 1338 of the Judicial Code (28 U.S.C. 1338) provides:

> (a) The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents, copyrights and trade-marks. Such jurisdiction shall be exclusive of the courts of the states in patent and copyright cases.
>
> (b) The district courts shall have original jurisdiction of any civil action asserting a claim of unfair competition when joined with a substantial and related claim under the copyright, patent or trade-mark laws.

QUESTIONS PRESENTED

The United States will discuss the following questions:

1. Whether, and to what extent, the federal patent laws preclude the application of a state's law of un-

fair competition so as to protect a manufacturer of an unpatented product against its copying by a competitor.

2. Whether the lower courts' decisions in these cases violated federal limitations upon (a) definition of the tort of unfair competition based upon confusion of goods; and (b) the granting of relief prohibiting the sale of unpatented goods.

INTEREST OF THE UNITED STATES

These cases present the issue of the extent to which the patent laws preclude a manufacturer of an unpatented product from obtaining, under a State's law of unfair competition, relief against copying of his product. A patent creates a legal monopoly—*i.e.*, the patentee has the right to exclude all others from making or vending the patented article—but the patent laws impose important limitations upon the granting of such monopolies. The article must reflect the requisite level of inventiveness, and the monopoly granted is limited in time, with the article passing into the public domain when the patent expires.

Because of the inherently anticompetitive character of a patent, there is a strong public interest in insuring that the limitations which the patent law imposes upon the granting of these monopolies are fully observed. The manufacturers in the present cases were issued patents, but the district court invalidated them because the products were not inventive and were functional. On an unfair competition theory, injunctions were entered against competitors who had copied these products, and who are now prohibited from sell-

ing similar goods. The granting of such relief in these circumstances—relief which is the same kind that the manufacturers would have obtained had their patents been sustained—poses a serious threat to the basic framework of the patent system. For such injunctions confer the monopolistic privilege which a patent provides—the right to exclude competitors—but without the corresponding limitations which the patent laws impose in order to protect the public against unjustifiable monopolies which would seriously inhibit competition without the offsetting public benefit of encouraging invention. The United States is concerned lest such applications of State laws of unfair competition result in eroding the protections embodied in the patent laws against the creation of unwarranted monopolies in the marketplace.

STATEMENT

These are two separate actions instituted in the United States District Court for the Northern District of Illinois for patent infringement and unfair competition which raise common legal questions. In each case, the unfair competition claim was joined (under 28 U.S.C. 1338(b)) with the patent infringement claim; and under each claim the plaintiff sought an accounting for past damages and an injunction. In each case the district court found that the patents relied upon were invalid, but granted the relief sought on the theory that the defendants had engaged in unfair competition. The judgments were affirmed by the court of appeals, and certiorari was granted on the petitions of the defendants.

1. *The Compco Case*

In No. 106, petitioner Compco and respondent Day-Brite are manufacturers of fluorescent lighting fixtures which are widely used in offices and commercial establishments. The product involved in this case is a ceiling fixture containing a reflector above the fluorescent tubes with elongated slots to direct light upwards toward the ceiling and downwards toward the floor, and with cross-ribs between the slots. This fixture, commonly employed in multiple units positioned end to end in a straight line, became popular in the early 1950's and was marketed by a number of companies, including Day-Brite (Compco R. 324).

By 1954, warpage of the slotted reflectors, with consequent chipping of their porcelain reflective coating, had become a problem. Day-Brite altered the configuration of the cross-ribs in a manner which strengthened the reflector and presented an attractive appearance. In 1955, it was issued a design patent covering this changed design (Compco R. 9, 297, 324). The following year, however, the Patent Office rejected its application for a mechanical patent covering the new configuration (Compco R. 297–298).

After Day-Brite had begun selling the redesigned fixture, but before issuance of the design patent, Compco's predecessor had made copies of the reflector and began marketing it. When the design patent was issued, Day-Brite instituted the present action for patent infringement and unfair competition, seeking an accounting for damages and an injunction against selling copies of its product (Compco R. 4–8).

The district court held that the design patent was invalid (Compco R. 301). It found that the patented

feature of Day-Brite's fixture—the new design of the cross-ribs—had been anticipated in the prior art (Compco R. 299-300), and that "any change or improvement of the design over the prior art does not comprise invention, and it is merely the result of the exercise of the skill of the ordinary skilled designer" (Compco R. 302). Moreover, the design of the reflector was not merely ornamental but served a mechanical function—the cross-ribs were used to strengthen and stiffen the reflector against warping and distortion, and the design of the ribs was "dictated by the limitations of the manufacturing process" (Compco R. 299-300). But the court held that the marketing by Compco of a copy of the fixture constituted unfair competition. The court found that the appearance of Day-Brite's reflector design identified Day-Brite to the trade (Compco R. 301); that purchasers of such products were likely to be confused between Compco's and Day-Brite's product; and that "[a]ctual confusion has occurred," one user of both companies' fixtures having requested Day-Brite to service some defective fixtures of Compco because it thought that all of its fixtures were Day-Brite's (Compco R. 301). The court ordered Compco to account for damages resulting from the unfair competition and enjoined it from selling or attempting to sell reflectors "identical to, or confusingly similar to" those marketed by Day-Brite (Compco R. 303).

The court of appeals affirmed. It ruled that the district court had correctly held that the design patent was invalid (Compco R. 326). The court sustained, as not clearly erroneous, the findings that confusion

between the reflectors was likely (Compco R. 326–327) and that Day-Brite's reflectors identify Day-Brite in the trade (Compco R. 328). It stated that Compco made confusion likely by copying Day-Brite's product instead of "a[illegible][ing] itself of" one of the alternative "choices of ribbing [which] were apparently available to meet the functional needs of the product" (Compco R. 328). The court ruled that under Illinois law, which concededly controlled, the test of unfair competition was "whether the public is likely to be deceived" (Compco R. 328–329).

2. *The Sears Case*

Stiffel, the respondent in No. 108, is a manufacturer of lamps for home use; petitioner Sears is a large retail marketing organization with stores throughout the United States. In 1956, Stiffel added to its merchandise line a pole lamp—a decorative pole extending from floor to ceiling, held in place by a compression spring at one end, and to which lamps are attached at suitable elevations (Sears R. 110–112). Sears then contracted with an independent manufacturer for the production of copies of Stiffel's lamp and marketed them in its stores (Sears R. 64–65). A mechanical patent and a design patent covering Stiffel's pole lamp were issued in 1957 to Stiffel's assignor (Sears R. 57). Stiffel thereupon filed the present action against petitioner for infringement and for unfair competition (Sears R. 2–6).

The district court ruled that both patents were invalid because they were anticipated by, and lacked invention over the prior art. The mechanical features

of Stiffel's lamp had been anticipated in earlier pole lamps marketed, used and described in publications before the applications for Stiffel's patents had been filed (Sears R. 58–61, 65–66). The design features did not differ from products earlier described in publications or patents except in respects which did not show sufficient "inventive innovation" or which were merely "utilitarian adaption of the prior art" rather than solely ornamental (Sears R. 61–64, 66–67). But the court found that Sears had "made a substantially exact copy of the Stiffel product" (Sears R. 64–65); that the "similarity [between Sears' and Stiffel's lamps] is so close that confusion between them is likely, and some confusion has already occurred" (Sears R. 65); and that Sears' sale of lamps "like" Stiffel's pole lamp "has amounted to unfair competition" (Sears R. 67). The district court ordered an accounting and enjoined Sears from "unfairly competing with plaintiff by selling or attempting to sell pole lamps identical or confusingly similar to" the Stiffel lamp (Sears R. 68–69).

The court of appeals affirmed. It upheld, as supported by substantial evidence, the findings that the Stiffel patents were invalid and that Sears had engaged in unfair competition (Sears R. 112–113). It stated (Sears R. 113) that the Sears and Stiffel lamps "have a remarkable sameness of appearance"; that there was testimony by buyers for two stores "of customer confusion"; that, in view of that testimony, the district court's finding of "customer confusion" was intended to refer to "the source of the lamps," although it did not say so; and that such finding was

not clearly erroneous. The court held that under Illinois law it is unnecessary to show "palming off" or "secondary meaning" (Sears R. 11[illegible] to establish unfair competition it is necessary to prove only "the likelihood of confusion as to the source of the products" (Sears R. 113, n. 7).

INTRODUCTION AND SUMMARY OF ARGUMENT

The basic issue in these cases is whether, and to what extent, the federal patent laws preclude the utilization of a State's law of unfair competition to provide relief against the copying of an unpatented product or design. Like so many of the cases which now come before the Court involving delicate questions of federalism, this case, too, requires application of the Supremacy Clause in an area of competing federal and State interests and policies. Congress has imposed specific limitations upon the grant of a patent monopoly—the device must meet certain standards of inventiveness, the monopoly granted is limited in time, and the patented product, upon expiration of the patent, passes into the public domain for all to enjoy—and there is a strong federal interest in insuring that these limitations are observed. The States, on the other hand, have an equally valid interest in protecting their citizens—both businessmen and consumers—from the evils subsumed under the recognized tort of unfair competition.

Since the cases involve delicate problems of federal-State relations in an area of the law which has many facets, it is important to delimit the issue before the Court. In each of these cases, a manufacturer ini-

tially obtained patent protection for a lighting fixture, but its patent was invalidated on the ground, among others, that the design of the fixture had mechanical functions and was not solely ornamental. A copier of these useful articles was held to have committed unfair competition because of the likelihood of confusion between the copy and the original—confusion resulting solely from the sale of the same product and without simulation of non-functional features identifying the source of the product. The question is whether in such circumstances it is consistent with the patent laws for a State's law of unfair competition to give the owner of the unpatented functional device the right to prevent others from copying it.

We may thus lay to one side such questions as whether State law may protect a performer in the performance of a copyrighted or uncopyrighted literary or musical work,[1] whether a State may grant relief against systematic and widespread copying or "misappropriation" of the essential methods and operations of a business,[2] whether a State may prohibit the copying of features of a product which have

[1] See *ROA Mfg. Co.* v. *Whiteman*, 114 F. 2d 86 (C.A. 2), certiorari denied, 311 U.S. 712; *Capitol Records* v. *Mercury Records Corporation*, 221 F. 2d 657 (C.A. 2); *Waring* v. *WDAS Broadcasting Station, Inc.*, 327 Pa. 433, 194 Atl. 631; Kaplan, *Performer's Right and Copyright: The Capitol Records Case*, 69 Harv. L. Rev. 409; Kalodner and Vance, *The Relation Between Federal and State Protection of Literary and Artistic Property*, 72 Harv. L. Rev. 1079.

[2] *Cheney Bros.* v. *Doris Silk Corp.*, 35 F. 2d 279 (C.A. 2), certiorari denied, 281 U.S. 728; *International News Service* v. *Associated Press*, 248 U.S. 215, 231, 240, 242.

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no utilitarian or esthetic function but are arbitrarily designed to identify the manufacturer, and whether a State may define what constitutes "publication" within the meaning of the copyright laws. For the policy considerations involved in the resolution of those issues may be different than those in the present cases, and the problems of federalism posed may call for a different balancing of federal and State interests.

In the instant cases, the basic question of federal supremacy involves federal limitations (a) upon the definition of the State tort of unfair competition by confusion of goods; and (b) upon the scope of relief for such tort.

We submit that state law may not define the tort of unfair competition so that liability is established upon showing solely: (1) priority of conception by the complaining party, (2) copying by another of functional aspects (utilitarian and esthetic) of the complainant's goods, and (3) the resulting similarity of the goods. We shall show that the patent laws contemplate that only the United States, and not the several States, can give inventors the right to prevent others from making and vending their inventions; that such right will be granted only if the device meets certain standards of originality; and that to permit a State's law of unfair competition to give a similar right to exclude competitors where the device does not meet the federal standard for a patent would conflict and interfere with the federal patent system. The State tort may not, therefore, be based upon mere similarity of useful

products and the prior sale of one of them. This is the precise area covered by federal law, and if a device does not meet the standards which that law prescribes for a patent monopoly, it is not entitled to the protection which a patent, and a patent alone, may give. The tort may not deal with "confusion" in the limited sense that products of competitors look alike and would be indistinguishable absent labels, packaging, or other precautionary warnings which were used to identify the maker. Rather, the proper scope of State law in this area is to redress unfair competition in the sense of deception or confusion as to the source of the goods, *i.e.*, to protect the maker of a product against injury from simulation that results either from copying labels, packaging, and other non-functional features serving as an identification of source or, possibly, from failure to use readily available labels or packaging to identify the source of goods and thus prevent the public's purchasing a copy made by one manufacturer in the belief that it is acquiring a product made by another.

We further submit that, if unfair competition is properly found, the possible impact upon the federal interest in protecting competition in unpatented goods places limits upon what relief may be granted under state law. The court may require notices or warnings as to the source of the goods, but it should not create a monopoly in unpatented useful articles by prohibiting the tortfeasor from making and selling goods similar to the complainant's, which are in the public domain. While there may be extreme cases

in which such relief could be granted, protection of the federal interest requires that the court may do so only if it finds that lesser relief is inadequate.

Under the foregoing standards, we conclude: (1) that the district court's findings in the *Compco* case, upheld by the court of appeals, justified relief against the unfair competition found, but that the case should be remanded to provide less stringent relief than the broad injunction entered, such as requiring Compco clearly to label its products; (2) that the findings in the *Sears* case show public confusion only in the sense that the two lamps are indistinguishable, but not in the sense that buyers would think they were obtaining a Stiffel lamp when they purchased a Sears lamp, and that these findings are therefore insufficient to justify any unfair-competition relief against Sears' copying of the Stiffel lamp.

ARGUMENT

THE PATENT LAWS PREVENT THE GRANTING OF RELIEF, UNDER THE STATES' LAWS OF UNFAIR COMPETITION, AGAINST THE COPYING OF UNPATENTED PRODUCTS OR DESIGNS ON THE GROUND OF PRIORITY OF CONCEPTION

A. THE SCOPE AND LIMITATIONS OF THE FEDERAL PATENT MONOPOLY

The Patent and Copyright Clause of the Constitution authorizes Congress "To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries" (Art. I, § 8, cl. 8). By its terms, the Clause allows the grant of exclusiveness only for original creative con-

tributions, either an invention or an original "writing" (*Trade Mark Cases*, 100 U.S. 82, 94), and only "for limited Times." These two limitations upon "the exclusive Right" have been spelled out by Congress in the respective patent and copyright statutes. A patent may be granted for a "new and useful" product for 17 years, and for a "new, original and ornamental" design for up to 14 years. 35 U.S.C. 101, 102, 154, 171, 173. During this term, no one may make, use or sell such patented product in the United States without the authority of the patentee (35 U.S.C. 271).[4]

The prerequisite of inventiveness, and the limited term, are integral parts of federal patent policy. The purpose of patents is to encourage significant advances by rewarding those who achieve them with a temporary power to exploit their inventions by excluding others from practicing them. To justify such a monopoly, however, federal policy demands a high level of inventiveness. A patent may be granted only when it adds "to the sum of useful knowledge" (*Great Atlantic & Pacific Tea Co.* v. *Supermarket Equipment Corp.*, 340 U.S. 147, 152).[5]

The limited duration of the patent is an equally vital element of the federal patent system. "[O]n the expiration of a patent the monopoly created by it ceases to exist, and the right to make the thing

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[4] For copyright provisions, see, *inter alia*, 17 U.S.C., 1, 4, 24.

[5] *See also Reckendorfer* v. *Faber*, 92 U.S. 347, 357; *Smith* v. *Whitman Saddle Co.*, 148 U.S. 674, 681; *Potts* v. *Creager*, 155 U.S. 597, 607; *Concrete Appliances Co.* v. *Gomery*, 269 U.S. 177, 185; *Mantle Lamp Co.* v. *Aluminum Products Co.*, 301 U.S. 544, 546.

formerly covered by the patent becomes public property." *Singer Mfg. Co.* v. *June Mfg. Co.*, 163 U.S. 169, 185; *Kellogg Co.* v. *National Biscuit Co.*, 305 U.S. 111, 117–120. To insure that the public ultimately will have the right fully to practice the invention, the patent laws further require "full disclosure for the benefit of the public of the manner of making and using the invention." (*Scott Paper Co.* v. *Marcalus Co.*, 326 U.S. 249, 255). The patentee's monopoly is limited to the features expressed in the patent claims, so as to give fair notice and to pave the way for competition at the expiration of the patent term. *Schriber-Schroth Co.* v. *Cleveland Trust Co.*, 305 U.S. 47, 57.

These limitations on the grant of patent monopolies are basic to the growth and competitive nature of our economic system. The federal patent system is a direct descendant of the Statute of Monopolies, 21 Jac. I, c. 3 (1623), whose purpose was not to expand but to curb monopolies; the authority to reward inventors for limited terms was an exception to the general prohibition against monopoly (*Pennock* v. *Dialogue*, 2 Pet. 1, 17–21; cf. *United States* v. *Singer Mfg. Co.*, 374 U.S. 174, 199, Mr. Justice White concurring).* In confining grants of monopolies for inventions to limited terms, the Statute of Monopolies is also a forebear

* The forerunner of the limited-time copyright monopoly in English law was 8 Ann. c. 19 (1709). *Wheaton* v. *Peters*, 8 Pet. 591, 656–658. The exclusive right to patented or copyrighted articles is a statutory creation. At common law, there was never any patent or copyright protection against copying of published inventions or writings (*Wheaton* v. *Peters*, *supra*; *Gayler* v. *Wilder*, 10 How. 476, 494).

of our antitrust laws (cf. Hamilton, *Common Right, Due Process and Antitrust*, 7 Law & Contemp. Prob. 24, 28). The constitutional and the statutory limitations upon patent grants reflect the same basic premise which underlies the antitrust laws, "That the unrestrained interaction of competitive forces will yield the best allocation of our economic resources, the lowest prices, the highest quality and the greatest material progress" (*Northern Pac. R. Co.* v. *United States*, 356 U.S. 1, 4). "Since patents are privileges restrictive of a free economy, the rights which Congress has attached to them must be strictly construed so as not to derogate from the general law beyond the necessary requirements of the patent statute" (*United States* v. *Masonite Corporation*, 316 U.S. 265, 280).

Competition is intended, among other objectives, to spur the attainment and widest public use of technological improvements. Patent grants are meant as a special spur, and reward, for innovation in a high degree. The granting of the kind of protection which the patent law provides—the power to exclude competitors—but without the limitations which that law imposes, would inevitably result not in spurring, but in impairing, technological progress. As this Court stated 80 years ago, in striking down a patent for want of invention (*Atlantic Works* v. *Brady*, 107 U.S. 192, 199–200):

> The process of development in manufactures creates a constant demand for new appliances, which the skill of ordinary head-workmen and engineers is generally adequate to devise, and

> which, indeed, are the natural and proper outgrowth of such development. * * * To grant to a single party a monopoly of every slight advance made, except where the exercise of invention, somewhat above ordinary mechanical or engineering skill, is distinctly shown, is unjust in principle and injurious in its consequences. * * * Such an indiscriminate creation of exclusive privileges tends rather to obstruct than to stimulate invention.

See, also, *Great Atlantic & Pacific Tea Co.* v. *Supermarket Equipment Corp.*, 340 U.S. 147, 152–153. In this day of increasing complexity and rapid change in science and technology,[7] it is thus particularly important that the power to exclude others from utilization of the fruits of progress should not lightly be granted, "lest in the constant demand for new appliances the heavy hand of tribute be laid on each slight technological advance in an art" (*Cuno Engineering Corp.* v. *Automatic Devices Corp.*, 314 U.S. 84, 92).[8]

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[7] *Aro Mfg. Co.* v. *Convertible Top Replacement Co., Inc.*, 365 U.S. 336, 359–360 (Mr. Justice Black concurring).

[8] In addition to requiring a high level of inventiveness for patentability, the Court has enforced the policy of limiting patent monopolies by its holdings that the power of exclusion conferred on a patentee may not be extended beyond the precise scope of the patented innovation, *Morton Salt Co.* v. *G. S. Suppiger Co.*, 314 U.S. 488; *Motion Picture Patents Co.* v. *Universal Film Mfg. Co.*, 243 U.S. 502, and by broadly permitting challenges to the validity of patents. *Sola Elec. Co.*, v. *Jefferson Elec. Co.*, 317 U.S. 173; *Scott Paper Co.* v. *Marcalus Co.*, 326 U.S. 249; *Katzinger Co.* v. *Chicago Metallic Mfg. Co.*, 329 U.S. 394; *MacGregor* v. *Westinghouse Elec. & Mfg. Co.*, 329 U.S. 402; *United States* v. *United States Gypsum Co.*, 333 U.S. 364.

B. FEDERAL LAW HAS PREEMPTED THE SUBJECT OF GRANTING INVENTORS THE EXCLUSIVE RIGHT TO EXPLOIT THEIR DISCOVERIES

The Constitution and the patent laws show that the federal patent system is the exclusive method of rewarding invention by excluding others from practicing the art.

1. The appropriate starting point is the background and early history of the Patent and Copyright Clause of the Constitution. Under the Articles of Confederation, the United States in Congress were specifically given many of the powers now conferred upon Congress by Article I, Section 8, of the Constitution (Articles of Confederation, Article IX)—but not the authority to grant patents and copyrights. During the period when the Confederation of States operated under those Articles, various State legislatures had made patent grants giving certain inventors the exclusive right to make or vend a specified invention for limited terms within the territory of the State (1 Walker on *Patents*, § 7 (Deller's ed.)). At that time there was greater public concern with copyright protection, in large part due to the efforts of Noah Webster. In 1783, the Congress under the Articles of Confederation recommended that the individual States pass laws protecting authors for limited terms, and the several States did so prior to the Constitutional Convention. Fenning, *The Origin of the Patent and Copyright Clause of the Constitution*, 17 Geo. L. J. 109, 114–116.* In addition, South Carolina enacted a

* See also 1 Walker on *Patents*, § 7 (Deller's ed.); Howell's *Copyright Law*, p. 4 (rev. ed. 1962); Drone, *The Law of Property in Intellectual Productions* (1879), pp. 87–88.

general patent law to reward inventors of useful machines with a similar exclusive privilege (Fenning, *supra*, at 115).

It soon became apparent that the States could not effectively deal with this problem. While a State could grant an exclusive monopoly within its borders, it could do nothing to prevent the manufacture of the same article in other States, and little to prevent the importation of such articles from other States (see fn. 9, *supra*). The experience under the Articles of Confederation apparently left the framers of the Constitution with no doubt as to the need to give the federal government the authority to issue patents and copyrights. As Madison explained in *The Federalist* No. 43:

> The utility of this power will scarcely be questioned. The copyright of authors has been solemnly adjudged in Great Britain to be a right at Common Law. The right to useful inventions seems with equal reason to belong to the inventors. The public good fully coincides in both cases with the claims of individuals. The States cannot separately make effectual provision for either of the cases, and most of them have anticipated the decision of this point by laws passed at the instance of Congress.

The Patent and Copyright clause was adopted without debate, and the records of the Constitutional Convention do not illuminate or add to the brief statement in *The Federalist* quoted above and its reference to an author's right to copyright at common law.[10] See

[10] Madison's notes on the Convention indicate that he proposed, in addition, a grant of power to Congress "[t]o encourage, by premiums & provisions, the advancement of useful knowledge

2 Farrand, *Records of the Federal Convention of 1787*, 505, 509, 510, 570, 595.

Congress promptly exercised its power under this clause. The federal patent and copyright systems were initiated by statutes passed in April and May, 1790 (1 Stat. 109, 124). And Congress' understanding that its patent laws were to supersede State authority in this area is shown by the second patent law, passed in 1793. Section 7 of that Act, 1 Stat. 322, provided that where any State "before its adoption of the present form of government" had granted an exclusive right to an invention, any person claiming such right would not be entitled to a federal patent unless he relinquished the State grant; the obtaining of a federal patent was "sufficient evidence" of such relinquishment. The provision requiring holders of patents granted by the States to abandon them as a condition of obtaining a federal patent on the same product plainly reflects the belief of Congress that thereafter only the national government, and not the States, could issue patents.

2. While we know of no case in this Court specifically dealing with the question,[11] we think it clear

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and discoveries" (2 Farrand, *Records of the Federal Convention of 1787*, 325)—apparently a subsidy power apart from the patent power, which his original notes suggest was proposed by himself as well as by Pinkney (2 Farrand, *supra*, at 324, n. 3).

[11] The question was pretermitted in *Gibbons* v. *Ogden*, 9 Wheat. 1. The case involved New York's grant of the exclusive right to make and use steamboats in its waters, issued to Livingston and Fulton, as possessors of the art, by various laws beginning in 1798; a prior superseded New York grant,

that the Congressional power to grant patents is exclusive. The history and purpose of the patent clause, the early patent legislation, and the detailed and comprehensive provisions of the patent laws

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before adoption of the Constitution, had been to one Fitch as the inventor (9 Wheat. at 5–6, 172–173).

In addition to the question whether the commerce clause barred the State from thus regulating transportation upon its waters, there was also presented, but not decided, the question whether the federal patent power eliminated "the right of the states to grant patents for invention or improvements, generally" (9 Wheat. at 186, 240). On this point, Daniel Webster and Attorney General Wirt, arguing in favor of the petitioner, expounded the constitutional incapacity of the States to issue patents, and the broad governing principles of federal supremacy in this field in terms pertinent here. They urged that the constitutional patent power was plenary, precluding States from rewarding inventors with exclusive rights, and that the State grant involved in the case, issued on a standard of invention below that of a federal patent and for a longer period, was clearly impermissible (9 Wheat. at 32, 165–176). For the respondent, it was urged that the State and federal patent powers were concurrent, that the State grant was valid in the absence of a conflicting federal patent, and that the State grant was supportable because not for an "invention" (9 Wheat. at 44–60, 141–156).

Chief Justice Marshall did not reach the patent question, ruling that the commerce clause barred the State of New York from prohibiting others from operating steamboats in the intercoastal trade.

In an earlier case, the New York court had upheld the same patent involved in *Gibbons* v. *Ogden* against claims that it trespassed on the federal commerce and patent powers, ruling that the states had concurrent power to issue patents. *Livingston* v. *Van Ingen*, 9 Johns. 507 (1812). The basis of the ruling on the commerce clause was vitiated in *Gibbons* v. *Ogden* (see *Patterson* v. *Kentucky*, 97 U.S. 501, 508–509). The reasoning on the State's power to grant patents (which was analogized to commerce regulation—9 Johns. at 581) is, for the reasons developed in the text, equally unsound.

demonstrate that, because of the dominant federal interest, the federal government has occupied the field of granting patents. See *Hines* v. *Davidowitz*, 312 U.S. 52, 66, 73–74; *Pennsylvania* v. *Nelson*, 350 U.S. 497, 501–509; cf. *Sperry* v. *Florida*, 373 U.S. 379.

3. The lack of any power in the States to grant patents also bars the States, through application of their substantive laws, from granting inventors the same measure of protection against copying which a patent gives. For although a patentee has the right to prevent others from making, using or selling the patented device (35 U.S.C. 271, 283), that right necessarily presupposes the existence of a valid patent, and that in turn assumes certain limitations—that the device reflects true inventiveness, and that the monopoly is granted only for a limited time. If State law were permitted to authorize an injunction against the copying of an unpatented product, merely because such product was the first one produced, the States would in effect be circumventing the salutary limitations which are the heart of our federal patent system.

It is therefore not surprising that this Court has held that State law cannot be utilized to continue, after a patent has expired, the protections which the patentee enjoyed during the patent's life. For example, in *Singer Mfg. Co.* v. *June Mfg. Co.*, 163 U.S. 169, the word "Singer" had acquired a generic meaning, covering a particular type of sewing machine, during the period when the Singer Company's patents covering the machine were in force. After the patents had expired, the Singer Company sought to enjoin

the June Company from using the name "Singer" on the June machines, claiming that it had the exclusive right to use the word "Singer" as a trade name. This Court held that the June Company had the right to use the name, but required the latter to state on its machines that they were manufactured by it and not by the Singer Company. The Court pointed out (*id.* at 185–186) that when a patent expires, the patented product falls "into the domain of things public"; and that the public acquires the right to make the goods and to do whatever is necessary for their "full enjoyment," including the right to "use the name in every form" even if it was originally the surname of the patentee. Otherwise, the patentee could in effect "disregard the public dedication and practically perpetuate indefinitely an exclusive right." See, also, *Kellogg Co.* v. *National Biscuit Co.*, 305 U.S. 111, 117–120; *West Point Mfg. Co.* v. *Detroit Stamping Co.*, 222 F. 2d 581, 588 (C.A. 6), certiorari denied, 350 U.S. 840; *G. Ricordi & Co.* v. *Haendler*, 194 F. 2d 914 (C.A. 2). Cf. *Scott Paper Co.* v. *Marcalus Co.*, 326 U.S. 249, 257–258, where the Court, in holding that an assignor of a patent was not estopped by his assignment from defending a suit for infringement of the assigned patent on the ground that the alleged infringing device was that of a prior and expired patent, pointed out that a contrary result would be "inconsistent with the patent laws which dedicate to public use the invention of an expired patent."

The attempts by a patentee to continue to exercise the right to exclude after the patent has expired may be distinguished from attempts to exclude others

from making or vending unpatented or unpatentable products.[12] The argument would be that the patent laws give an inventor the right to exclude all competitors for a limited period in exchange for the right of all competitors to practice the invention when that period is over; and that since the inventor of an unpatented product has not been given any right to exclude all competitors, he similarly cannot be said to have made any dedication of his invention to the public.

In terms of the basic federal interest involved, however—insuring that the only lawful inventive monopolies allowed are those limited by the conditions of the patent grant—no meaningful distinction can be drawn between an article which is unpatented and one on which the patent has expired. In either case, the article is in the public domain. "Sharing in the goodwill of an article unprotected by patent or trademark is the exercise of a right possessed by all * * *" (*Kellogg Company* v. *National Biscuit Company*, 305 U.S. 111, 122). The public interest in limiting such monopolies to those which meet the standards of the patent laws require that the foregoing limitations upon the authority of State law to grant exclusionary rights should also be applied to unpatented products.

[12] For the purposes of the issue here presented, it is immaterial whether a patent is not sought, a patent is denied by the Patent Office, or a patent is issued and then held invalid. For if an innovator elects not to secure a patent, either lack of patentability or dedication of the device to the public may be presumed. *McClain* v. *Ortmayer*, 141 U.S. 419, 423–424; *Mahn* v. *Harwood*, 112 U.S. 354; see Stern and Hoffman, *Public Injury and the Public Interest: Secondary Meaning in the Law of Unfair Competition*, 110 U. Pa. L. Rev. 935, 952 n. 75.

This strong public interest in protecting the public against monopolies for inventions which do not meet the federal patent law standards was recognized in several landmark decisions written by Judge Learned Hand in which the Second Circuit refused to permit the owners of unpatented or uncopyrighted articles to exercise the exclusionary rights which a patent or copyright would have given them. *Cheney Bros.* v. *Doris Silk Corp.*, 35 F. 2d 279, certiorari denied, 281 U.S. 728 (copying of designs on silk); *Fashion Originators Guild* v. *Federal Trade Commission*, 114 F. 2d 80, affirmed on other grounds, 312 U.S. 457 (copying of dress patterns); *RCA Mfg. Co.* v. *Whiteman*, 114 F. 2d 86, certiorari denied, 311 U.S. 712 (broadcasting of recordings of musical performances).[*] Although those cases involve different facets of the broad question of the exclusionary rights of the owners of unpatented and uncopyrighted property, their rationale is equally applicable to the present cases. As the *Cheney* case explained (35 F. 2d at

[*] See also *Hygienic Specialties Co.* v. *H. G. Salzman, Inc.*, 302 F. 2d 614, 619 (C.A. 2); *Shredded Wheat Co.* v. *Humphrey Cornell Co.*, 250 Fed. 960 (C.A. 2). In *Cheney*, *Haendler*, and *Whiteman*, cited in the text, the Second Circuit also distinguished and limited the unfair competition principles stated as a matter of pre-Erie federal law in *International News Service* v. *Associated Press*, 248 U.S. 215, a limitation also adopted by the subsequent weight of authority. See *Triangle Publications* v. *New England Newspaper Pub. Co.*, 46 F. Supp. 198 (D. Mass.); *Intermountain Broadcasting & Television Corp.* v. *Idaho Microwave, Inc.*, 196 F. Supp. 315 (D. Idaho). The *International News* case did not involve the issue of federal preemption.

280), to create "a sort of common-law patent or copyright for reasons of justice" "would flagrantly conflict with the scheme which Congress has for more than a century devised to cover the subject-matter."

It would plainly conflict with the federal scheme to permit the owners of unpatented articles to exclude others from making or vending such articles. *RCA Mfg. Co.* v. *Whiteman*, 114 F. 2d at 89; see also *Pope Automatic Merchandising Co.* v. *McCrum-Howell Co.*, 191 Fed. 979, 981 (C.A. 7); *Application of Deister Concentrator Co.*, 289 F. 2d 496, 501 (C.C.P.A.). For if State concepts of unfair competition could be freely employed to bar copying of useful articles, at the behest of a complaining manufacturer who had first produced the article and on that basis, the result would be an evasion of the federal requirement of originality, and the substitution of a "perpetual" grant for the limited terms of the federal patent and copyright laws. *Cheney Bros.* v. *Doris Silk Corp., supra; Fashion Originators Guild* v. *Federal Trade Commission*, 114 F. 2d at 83–84. Such decrees "would in effect give a design patent upon the appearance of the article." *American-Marietta Co.* v. *Krigsman*, 275 F. 2d 287, 289 (C.A. 2, Hand, L., J.). See also *Electric Auto-Lite Co.* v. *P. & D. Mfg. Co.*, 109 F. 2d 566 (C.A. 2), certiorari denied, 296 U.S. 648. Indeed, such injunctive relief would be far more sweeping than that available under a patent, "in the ratio of eternity to 17 years." *Pope Automatic Merchandising*

Co. v. *McCrum-Howell Co.*, 191 Fed. 979, 982."

We are not suggesting that a State never could grant protection against systematic "pirating" of original designs or creations, or against unauthorized reproduction of a recorded performance of a literary or musical work. See *supra*, p. 11. The present cases, however, involve the copying of unpatented articles, the distinguishing characteristics of which are functional. To permit State law to prohibit such copying would contravene the federal policy that only a patent may confer the right to prevent all others from producing such a product.

The same basic federal policy has been expressed recently as a limitation upon *federal* unfair competi-

---

" In *Pope*, the Seventh Circuit denied relief against copying of the "utilitarian" form, shape and color of an unpatented vacuum cleaner. The court's full statement comparing the relief sought with patent policy was as follows:

"If one manufacturer should make an advance in effectiveness of operation, or in simplicity of form, or in utility of color; and if that advance did not entitle him to a monopoly by means of a machine or a process or a product or a design patent; and if by means of unfair trade suits he could shut out other manufacturers who plainly intended to share in the benefits of the unpatented utilities and in the trade that had been built up thereon, but who used on their products conspicuous name-plates containing unmistakably distinct trade-names, trademarks, and names and addresses of makers, and in relation to whose products no instance of deception had occurred—he would be given gratuitously a monopoly more effective than that of the unobtainable patent in the ratio of eternity to 17 years."

The court perceived "[n]o difference in principle * * * between a machine that after a period of 17 years becomes free for common use and one that has been such all the time." (191 Fed. 981-982.)

tion remedies under the Lanham Act. In *Application of Deister Concentrator Co.*, 289 F. 2d 496 (C.C.P.A.), the Court of Customs and Patent Appeals affirmed the refusal of the Patent Office to register as a trademark the rhomboidal shape of the top surface of an ore concentrating or cleaning table. The court stated (p. 501) that it could not sanction registration "unless the applicant for registration, absent a copyright or patent, would have the right under the general law to prevent others from using or copying it." The court pointed out that what was sought was "a potential perpetual monopoly" (p. 499) on this shape of table, which was functional and efficient for the purpose used. It stressed that "the encouragement of competition by all fair means * * * encompasses the right to copy, very broadly interpreted, except where copying is lawfully prevented by a copyright or patent" (p. 501). And it rejected the contention that rhomboidal tables identified applicant to the trade, ruling that "functional or utilitarian shape * * * is incapable of acquiring a legally recognizable 'secondary meaning' or of becoming an enforceable trademark for the simple reason that, absent patent protection, the public has the right to copy the shape and enjoy its advantages" (p. 505). See also *Application of Shakespeare Co.*, 289 F. 2d 506 (C.C.P.A.).

C. STATE UNFAIR COMPETITION LAWS MAY PROHIBIT THE COPYING OF UNPATENTED GOODS ONLY IF THE PUBLIC IS LIKELY TO BE CONFUSED AS TO THEIR SOURCE, I.E., IF THE GOODS OF ONE PRODUCER ARE LIKELY TO BE PURCHASED IN THE BELIEF THAT THEY ARE THE GOODS OF ANOTHER—

The federal patent laws do not bar the States from applying their laws of unfair competition to grant

relief against copying where necessary to prevent deception. Even in the case of an expired patent, the law of unfair competition may be applied to require the new manufacturer "to identify its own product lest it be mistaken for that of the [former patentee]." *Kellogg Co.* v. *National Biscuit Co.*, 305 U.S. at 119, 122; *Singer Mfg. Co.* v. *June Mfg. Co.*, 163 U.S. at 186, 200, 204. Similar identification may be required in the case of unpatented or unpatentable products.

But the considerations which we have developed in Point B, *supra*, indicate that where State law is being applied to grant the producer of an unpatented product relief against unfair competition, particular care must be taken to insure that such relief does not impinge upon the exclusive federal patent authority. As we have shown, federal law rewards priority of invention, and the holder of a patent may prohibit all others from practicing the art, or making or selling the device covered by the patent. It follows from the federal scheme, however, that State law cannot authorize a similar prohibition on the mere act of copying an unpatented article; to do so would permit the States to enter into an area reserved to the federal government. Something more must therefore be shown before State law may be applied to permit the originator of an unpatented product to obtain relief against others who copy it. To put it differently, State law may not define the tort of unfair competition, or the criteria for relief therefor, in such a way as to reward priority of conception by prohibiting others from practicing the art, or copying a functional unpatentable article.

It is not enough to justify such a prohibition on copying, to show that the public is confused between the two products in the sense that, if the products were put side-by-side, and there were no identifying marks, labels or packaging, it would be difficult or impossible to distinguish the product made by each of the manufacturers. For that is but another way of saying that an accurate copy has been made. And such a rule would therefore improperly protect the first maker of any unpatented product that is widely distributed to the public against the copying of its functional aspects, even though the copier's goods are always sold with clearly identifying labels or packaging.

In order fully to protect the federal interest in insuring that the basic limitations upon patent monopolies are observed, State law should be permitted to redress the copying of an unpatented article only if there is confusion as to the source of the product, that is, if purchasers of the copy would believe they were acquiring an article made by the originater. Such a rule would prevent any serious inroads upon the limitations which federal patent law imposes upon the grant to inventors of the exclusive right to practice their inventions, while at the same time insuring the States ample authority to deal with deception. It would thus accord with the traditional role of the law of unfair competition. As explained in *West Point Mfg. Co.* v. *Detroit Stamping Co.*, 222 F. 2d 581, 589, 591 (C.A. 6):

> * * * [O]ne who claims that another if guilty of unfair competition in copying his product, must show that the consuming public is primarily concerned in the producer, rather than in the product itself * * *.
>
> * * * The confusion for which the copier is held responsible, under the law of unfair competition, is not confusion resulting from the inability on the part of the public to distinguish between similar articles, one of which has been copied from the other. It is rather confusion as to origin, not of goods which controls on the question of unfair competition; and it is only if there is such relationship or analogy between the goods of a complainant and those of a defendant that ordinary retail purchasers are likely to be deceived as to their origin that there is, in law, unfair competition.
>
> The identical imitation of the goods of another does not in itself constitute unfair competition. * * *
>
> * * * * *
>
> * * * There is nothing unlawful in copying the unpatented products of another down to the last detail, except in so far as the resulting similarity may become a means of securing his customers through their belief, so induced, that your goods are his. * * *

See, also, Restatement of the Law of Torts, Sec. 741; Stern and Hoffman, *Public Injury and the Public Interest: Secondary Meaning in the Law of Unfair Competition*, 110 U. of Pa. L. Rev. 935.

The limitations which we have suggested the patent laws impose upon the authority of State law to redress copying of unpatented products are also sup-

ported by the rationale of *Warner & Co.* v. *Lilly & Co.*, 265 U.S. 526. In that case the defendant drug manufacturer was held to have engaged in unfair competition with the plaintiff drug manufacturer by marketing a drug similar to one marketed by the plaintiff which was passed off as the plaintiff's product. This Court held that although the plaintiff was "entitled to effective relief", it was not entitled to an injunction against the use of certain ingredients in the product. The Court emphasized that there was no "exclusive right" to use a pharmaceutical formula which was in the public domain; the complainant was entitled to be "protected against unfair competition, not of having the aid of a decree to create or support, or assist in creating or supporting, a monopoly of the sale of a preparation which everyone, including petitioner, is free to make and vend" (265 U.S. at 532–533). While the *Warner* case involved pre-*Erie* principles of federal law, it does reflect the importance of insuring that the law of unfair competition does not give rise to monopolies which only the patent laws may provide.

D. THE APPLICATION OF THE FOREGOING PRINCIPLES TO THESE CASES

The primary interest of the United States is in the broad legal questions we have discussed. We shall now indicate briefly the result of the application of the principles we have proposed to these two cases.

1. *Compco*, No. 106. The district court found (Compco R. 301) that "the appearance of * * * [Day-Brite's] reflector design has the capacity to identify [Day-Brite] in the trade and does in fact so identify [Day-Brite] to the trade"; that "[t]he concurrent sale

of * * * [Compco's] and [Day-Brite's] fixture reflectors is likely to cause confusion in the trade"; and that "[a]ctual confusion has occurred", a user with installations of both Compco and Day-Brite fixtures having requested Day-Brite to service some defective fixtures manufactured by Compco, in the belief that they were Day-Brite's (Compco R. 301). The court of appeals upheld, as not clearly erroneous, both the finding of confusion and the finding that Day-Brite's reflector identified Day-Brite in the trade. While the evidence supporting these findings seems thin,[15] this Court ordinarily

[15] The evidence showed that while the Compco and Day-Brite reflectors are almost identical, other aspects of the fixtures were quite different (Compco R. 81, 178–179, 207–210). The lone instance of alleged actual confusion involved a plant manager who could see only the reflector of defective installed fixtures and who called upon Day-Brite service to repair them (Compco R. 65–68). Two of respondent's witnesses conceded on cross-examination that the fixtures as a whole could be distinguished rather easily, especially by the persons in the trade responsible for purchasing (Compco R. 69–70, 81–82). Confusion was further minimized by Compco's practice of not selling through manufacturers' representatives who handled competing lines (Compco R. 221–222). There was general testimony by two witnesses in the fields of lighting engineering and industrial design, that some purchasers would be confused by the appearance of the fixtures (Compco R. 87–88, 186). But there was no evidence that the fixtures were sold in such manner as to conceal the identity of the manufacturer displayed on the package, catalog, etc., or that any prospective purchaser had in fact been deceived. The president of Compco asserted that he always showed the entire fixture in making a sale and the possibility that other representatives of the company may have shown only the reflector, while raised by respondent's counsel on cross-examination, was not shown to have occurred or to be of any practical significance (Compco R. 222).

Moreover, the finding that the reflector design identified Day-Brite to the trade is open to the legal objection that the reflector's appearance is entirely functional and utilitarian, and no

will not reexamine the concurrent findings of two lower courts. If the findings are accepted, it appears that persons were likely to have purchased Compco's fixtures in the mistaken belief that they were buying Day-Brite's products. The patent laws would therefore not bar the grant of relief against Compco's unfair competition.

The district court enjoined Compco from "the sale or attempted sale" of products "identical to, or confusingly similar to" Day-Brite's reflectors (Compco R. 303); there is no indication, however, that the district court considered whether any less stringent relief would suffice. The courts have found in cases of this sort that source-confusion can generally be effectively prevented by requiring the copyist to identify his product and otherwise warn the public as to its source.[16] The findings below that the copied fea-

identifying "secondary meaning" is legally cognizable in such an article. See *supra*, p. 29.

[16] Thus, in *Singer Mfg. Co.* v. *June Mfg. Co.*, 163 U.S. 169, the decree permitted June to use the name "Singer" (held to be generic for sewing machines at that time) as long as it "clearly and unmistakably" identified the product as of its own manufacture. See also, e.g., *Kellogg Co.* v. *National Biscuit Co.*, 305 U.S. at 120–123; *DuPont Cellophane Co.* v. *Waxed Products Co.*, 85 F. 2d 75 (C.A. 2), certiorari denied, 299 U.S. 601; *Herring-Hall-Marvin Safe Co.* v. *Hall's Safe Co.*, 208 U.S. 554; *Modern Aids, Inc.* v. *R. H. Macy & Co.*, 264 F. 2d 93 (C.A. 2). Similar provisions are frequently included in orders of the Federal Trade Commission under Section 5 of the Federal Trade Commission Act designed to prevent deception of the consuming public. See *Federal Trade Commission* v. *Algoma Lumber Co.*, 291 U.S. 67, 78; *Benton Announcements, Inc.* v. *Federal Trade Commission*, 130 F. 2d 254, 255 (C.A. 2); *Waltham Watch Co.* v. *Federal Trade Commission*, 318 F. 2d 28 (C.A. 7) pending on petition for writ of certiorari, No. 495, this Term.

tures of respondent Day-Brite's product are functional and anticipated by the prior art (Compco R. 299–300, 325–326) mean that they are in the public domain. And, as this Court indicated in the *Warner* case, *supra*, p. 33, a complainant in an unfair competition case is not entitled to "the aid of a decree to create or support, or assist in creating or supporting, a monopoly of the sale of a preparation which everyone, * * * is free to make and vend."

Since an injunction against copying of an unpatented product necessarily trenches upon the federal patent laws, we think it clear that such relief may not be granted unless absolutely essential. There may be cases where a court might conclude that a prohibition against copying was the only way to provide effective relief. Such a decree might be justified if there were no feasible means to differentiate between the parties' goods, except by differences in appearance; if prior efforts to stop the deception by narrower relief had been unsuccessful; or if the counterbalancing public interest in the copied feature is insignificant. Whether this would be permissible need not be decided here, for no findings that such relief is necessary were made by the court in this case. It seems clear, moreover, that no such findings could be made here. The manufacturer of an unpatented design which is primarily functional cannot obtain a sufficient property interest in it to enable him to prevent others from producing it. Furthermore, the product is a lighting fixture which can easily be labelled or packaged for sale with the company name, if that has not been done in the past. We therefore

suggest that the case should be remanded to the district court to enter whatever narrower decree will adequately protect Day-Brite. Cf. *Jacob Siegel Co.* v. *Federal Trade Commission*, 327 U.S. 608, 613–614.

2. *Sears*, No. 108. Although the same district judge decided both of these cases, the court in *Sears* did not make any finding that the pole lamp which Sears had copied was identified, either in the trade or by the purchasing public, as a Stiffel product. The court found (Sears R. 64–65) only that Sears copied the Stiffel lamp and that "the pole lamp of [Sears] * * * is so closely similar to * * * [Stiffel's] product, as to be scarcely indistinguishable [*sic*] therefrom both in appearance and in functional details. The similarity is so close that confusion between them is likely, and some confusion has already occurred." Although the court of appeals, relying on the testimony of two buyers, construed these findings of confusion as intended to relate to "the source of the lamps" (Sears R. 113), we submit that the district court's failure to find confusion as to source was not inadvertent. It reflected the state of the record.

The following is the testimony cited by the court of appeals. The buyer for Marshall Field & Co. stated (Sears R. 20) that:

> We did have customers inquire of us, if lamps that looked to be similar to the Stiffel Lampole were the same, and what was the reason for the price difference in some instances * * *.
>
> * * * [Another] customer's complaint was based upon the fact that she had bought a Stiffel Lampole at $39.50 as I recall, and she had then thereafter, seen a [Sears] catalog

> item that looked to be similar at a much lesser price, and her question to me was why was this same pole half the price from somebody else.

The buyer for John M. Smyth Co. testified (Sears R. 23) that:

> [A complaining customer] stated that she had seen a lamp at this store, that was exactly like what she had purchased from us at a higher price.

And on cross-examination the latter witness agreed that she "knew that that was a product sold by Sears as a Sears product that [the customer] was talking about" (Sears R. 23).

The testimony supports the finding of the district court of confusion in the sense of confusion between the products—the customers recognized that the two lamps were almost identical, since Sears had copied Stiffel's design. The statement of the Marshall Field buyer that some customers asked if the lamps were "the same" is cryptic—it might be construed, standing apart, as referring to an identity of source. But the remainder of his statement, as well as the statement of the Smyth Co. buyer, show only that the two lamps were virtually identical in appearance, and that customers realized this obvious fact and complained about the difference in price. Certainly far more is required than this cryptic bit of testimony to justify a blanket prohibition upon the copying of a product, the patent on which has been invalidated in the very proceeding in which the prohibition was entered. We think that the district court's findings mean precisely

what they say—that the Sears and Stiffel lamps were so similar in appearance that customers could not tell the lamps apart—and that the court of appeals improperly broadened the finding when it construed it to refer to confusion as to the source.

It thus appears that in No. 108 copying of the unpatented product was prohibited on the basis of findings (1) that the lamps are similar, and (2) that Stiffel's was developed before Sears'. Stiffel has contended that its pole lamp was of higher quality than Sears' cheaper imitation (Sears R. 91–92). While Stiffel was entitled to seek custom on the basis of its product's quality and the firm's general reputation, it was not entitled to insulate itself from price competition by excluding Sears or others from the business of selling similar pole lamps. Under the principles which we have suggested, Stiffel is not entitled to any relief against Sears' copying of its unpatentable pole lamp.

We recognize, of course, that the testimony of the Marshall Field buyer might have led to a finding that there was confusion as to source, and that the court of appeals might have upheld such a finding as not clearly erroneous. While we do not think that the district court's findings should be so construed, if the Court has any question as to what the district court meant, we suggest the case should be remanded to that court for clarification of its finding. In any event, if the Court should disagree with us and conclude that the district court did find confusion as to source, the case should still be remanded, as suggested in the discussion of No. 106, for the district court to enter a less drastic decree.

CONCLUSION

In both cases, the judgments of the court of appeals should be reversed and the cases remanded to the district court—to reconsider the judgment in No. 106 (Compco), and to dismiss the complaint in No. 108 (Sears).

Respectfully submitted.

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OCTOBER 1963.

U.S. GOVERNMENT PRINTING OFFICE: 1963

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Office-Supreme Court, U.S.
FILED
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JOHN F. DAVIS, CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1963.

No. 108

SEARS, ROEBUCK AND CO.,
Petitioner,

vs.

THE STIFFEL COMPANY,
Respondent.

RESPONDENT'S BRIEF.

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RESPONDENT'S BRIEF.

FOREWORD.

The statements of the facts of this case as made by petitioner, and by the Government in its amicus brief, are apparently made in an effort to fit a pattern of argument rather than to present the actual case as it was developed by proofs in the District Court. Most pertinent facts as found and affirmed below are omitted or but half-stated by petitioner, and the Government's brief, to an even greater extent, entirely overlooks significant facts upon which the District Court acted and as to which its judgment was affirmed.

This is not a case wherein the District Court, although finding the patents in suit invalid "granted the relief

sought on the theory that the defendant had engaged in unfair competition,"—nor is it a case in which the defendant merely copied the disclosure of a patent, and then, although the patent was held invalid, was enjoined from copying the patent disclosure "perpetually", as both petitioner and the Government contend as the very basis for their arguments.

On the contrary, it was petitioner's conduct in watching respondent develop a successful market in a new product and then intentionally "moving in" with a precise copy of respondent's product, without petitioner marking or identifying its copies as to source of origin, resulting in actual confusion and likelihood of confusion, which was the basis for the finding below of unfair competition by petitioner. The petitioner was not "perpetually", or in any way, enjoined from making the subject matter of respondent's patents. It was enjoined from further acts of "unfair competition" in doing so. Petitioner has every right under the judgment below to make the products of respondent's patents, provided only that it do so "fairly", marking them in such manner as to avoid confusion as to source of the product.

Petitioner is "perpetually" enjoined only if it finds it necessary to market its copies of respondent's products, for all time, in an unfair manner.

A restatement of the facts to place them in their true perspective is essential.

STATEMENT OF THE CASE.

In January, 1956, at a trade show in Chicago, respondent, a manufacturer of high-quality lamps (R. 12), introduced to the trade a new and original product of its own design. This comprised a uniquely contoured demountable pole having compressive sections which maintain it in upright position, extending between a floor and a ceiling, and which has mounted thereon with fully concealed wiring, a plurality of electric lamps having specially designed and ornamented shades. The respondent's product so introduced in 1956 is illustrated at R. 76, and is embodied in the physical exhibit Pl. Ex. 3.

The showing by respondent at the trade show in January, 1956, introduced into the lamp industry for the first time the demountable and readily movable "pole lamp" now so widely known and widely sold.

As testified by wholly disinterested lamp marketing experts, respondent's original pole lamp, shown publicly in 1956, was something "new, different and revolutionary in the lamp business at that time", and it had a "great" impact on the market (R. 19). The new lamp "was very well received" by the public, and Marshall Field & Company in Chicago "made a special display * * * of this particular new item" (R. 20).

The buyer for Marshall Field & Company testified that respondent's pole lamp, when shown at the show in 1956, was to him "as a lamp buyer * * * something radically new in the lamp business" (R. 21).

The lamp buyer for John M. Smyth Furniture Company of Chicago was also a witness and testified that she first saw a pole lamp when she attended the 1956 show and

the "Stiffel pole lamp came to her attention" (R. 22). The reaction of the buyers at the show to the Stiffel pole lamp was described by her as having an immediate wide acceptance, and that "As a matter of fact, it seemed to create a mild sensation" (R. 22).

Both Marshall Field & Company and John M. Smyth Furniture Company are examples of respondent's customers who have a reputation for selling high-quality merchandise (R. 24). Asked as to the quality of respondent's product, one of the buyers testified "Well, of course we knew it was a better product. We knew that. We know Stiffel" (R. 24).

After the show in January, 1956, respondent designed a number of models of pole lamps in addition to that of Pl. Ex. 3 (R. 76) and these were illustrated in respondent's catalogs and brochures, Pl. Ex. 6, 7, 8 and 9 (Excerpted at R. 75-88) and were nationally advertised in such media as "House Beautiful", "Better Homes & Gardens", "House & Garden", "Living", "Sunset", "The New Yorker" (R. 81), and in "the Sunday newspaper supplements in twenty-five major cities" (R. 26). Such advertising started in the spring of 1956 (R. 26).

Public demand for respondent's pole lamps was "sensational" from the start and in the first four years sales totaled $3,256,850, at wholesale (R. 25).

All of respondent's pole lamp products were proudly marked with tags clearly showing them to be a "Stiffel" product (R. 16). The tags themselves are reproduced at R. 73 and 74.

Respondent applied for patents on its pole lamps and a mechanical patent No. 2,793,286 was issued on May 21, 1957. Design patent No. 180,251 (R. 71) was applied for on August 22, 1956, and issued May 7, 1957.

Petitioner, Sears, Roebuck and Co., is a large, indeed

the largest, retail marketing organization in the United States. It has a large national home furnishings department, and stores throughout the United States. The head of the department of petitioner which buys lamps is Frank C. Stover. Its lamp buyer is Robert M. Vallette.

Mr. Stover testified that petitioner had not sold pole lamps before the Stiffel lamp was introduced at the show in 1956 (R. 34). Both he and Mr. Vallette attended the shows, inspected the lamps in the Stiffel showroom (R. 37 and 41) and thereafter watched the "advent of pole lamps" (R. 37) and the development of respondent's market, examining the new product for mass-marketing possibilities (R. 37). When it became apparent that respondent's "revolutionary" pole lamp was becoming a very "hot item" (R. 37), petitioner, in the words of Mr. Stover, "moved into" that market (R. 38) created by respondent.

However, instead of "moving in" with its own product of its own design, petitioner, in August 1956[1] (R. 37) took a picture of respondent's pole lamp (R. 98-100) to Philadelphia where it induced one of its lamp suppliers, Randolph Metal Works, Inc., to make pole lamps for it which down to the smallest of details were copies of respondent's pole lamp Pl. Ex. 3. The copies so made are shown in the photographs of Pl. Ex. 10, appearing at R. 89 and 90.

The detailed identity of petitioner's copy (Pl. Ex. 10) of respondent's product Pl. Ex. 3, is so not only with respect to functional matters, but in the appearance and non-functional distinguishing characteristics, design and dress as well.

As sold by it, petitioner's copies of respondent's pole lamp were neither marked with any label nor did they bear or indicate the name of the manufacturer or their source

1. Before respondent had any patent, or had even applied for its design patent.

of origin (R. 28). There was an assembly instruction sheet with the pole lamp Pl. Ex. 10, sold by petitioner, and it appears at R. 93. Even here there is no identification of petitioner or of its supplier.

As a result of the display and sale of Pl. Ex. 10 pole lamps by petitioner, actual confusion as to origin did occur.

Both Marshall Field & Company and John M. Smyth Furniture Company employees testified as to instances of customer confusion.

Asked whether Marshall Field & Company had complaints from customers as to whether the lamps sold by Marshall Field & Company and those sold by petitioner, Sears, were the same product, Mr. Pemberton testified (R. 20):

> "We did have customers inquire of us, if lamps that looked to be similar to the Stiffel Lampole were the same and what was the reason for the price difference in some instances."

He then related a particular instance and referred to a letter of complaint asking "why was this same pole half the price from somebody else." It was petitioner's lamp to which the customer referred (R. 21).

Miss Passmore of John M. Smyth Furniture Company testified to similar occurrences at her store. She specifically referred to an instance where a customer complained that she had seen a pole lamp at a Sears, petitioner's, store "that was exactly like what she had purchased from us at a higher price" (R. 23).

Petitioner had made for it and sold a number of pole lamps of various designs besides that of Pl. Ex. 10. While a number of them closely simulated the pole lamps shown in respondent's patents and responded fully to the claims of its mechanical patent, there was no evidence that any

of petitioner's pole lamps except Pl. Ex. 10 was actually copied from one of respondent's products.

By a bill of particulars requested by petitioner, the respondent specified that it charged a number of petitioner's pole lamp products to infringe the mechanical patent in suit, and certain models only to infringe the design patent in suit. These were specified by model numbers and catalog pages but this material does not appear in the transcript of record.

However, it does appear in Pl. Ex. 26 (R. 104) that Sears had a variety of models and it does appear in the District Court Findings (R. 57) that petitioner's lamps exemplified by Pl. Ex. 10, 29, 30, 31, 32, 33, 34 and 35 and by Def. Ex. 6 and 8 were charged to infringe the patents in suit, but that only the lamps represented by Pl. Ex. 10 were charged to be made and sold in unfair competition with the respondent.

The District Court held that "were plaintiff's patent claims valid as invention over the prior art" each and every one of the petitioner's lamp models charged to infringe "would have infringed both of the patents in suit" (R. 64). However, the District Court held both patents in suit to be invalid as lacking in invention over the prior art.

The District Court did find, however, that petitioner was guilty of unfair competition in the manner in which it knowingly and intentionally copied its lamp Pl. Ex. 10 from respondent's lamp Pl. Ex. 3, and in the manner in which petitioner sold that particular product (R. 65). The District Court also found:

> "42. The pole lamp of defendant, plaintiff's Exhibit 10, is so closely similar to Plaintiff's Exhibit 3, plaintiff's product, as to be scarcely indistinguishable therefrom both in appearance and in functional details.

> The similarity is so close that confusion between them is likely, and some confusion has already occurred." (R. 65).

The District Court concluded that "Plaintiff is entitled to an injunction to restrain further unfair competition by defendant with respect to pole lamps identical to or confusingly similar to Plaintiff's Exhibits 3 and 10" (R. 67).

In its Judgment entered January 22, 1962 (R. 68) the District Court, after adjudging the patents in suit to be invalid and dismissing the charge of patent infringement, further ordered that:

> "Defendant and its agents, representatives and employees, are hereby enjoined from unfairly competing with plaintiff by selling or attempting to sell pole lamps identical to or confusingly similar to plaintiff's exhibits 3 and 10."

Actually, petitioner itself recognized the inequity and unfairness of its acts for in October, 1957, immediately after the complaint was filed herein, although continuing to order and sell other models, it ordered a discontinuance and a change in the pole lamps Pl. Ex. 10, which was known as Sears Model 7060. See Pl. Ex. 24 (R. 102), Pl. Ex. 25 (R. 103) and Pl. Ex. 28a and 28b (R. 108, 109).

These exhibits and the others previously mentioned and all of the witnesses on both sides previously named herein were presented to and were before the District Court personally. The testimony was not by deposition but was in open court. The trial court had the opportunity to and did observe, and often questioned, the witnesses before him. The court was fully and completely informed with respect to the issue of unfair competition as the result of the exhibits and testimony of witnesses presented in open court.

On appeal, the Court of Appeals for the Seventh Circuit

affirmed the District Court on all issues, both as to the patent infringement charges and as to the unfair competition charges.

As to the latter, the Court of Appeals said (R. 113):

> "There is substantial basis in the evidence to support the findings underlying the conclusion that Sears was guilty of unfair competition. The evidence is: The lamps had a decided impact on the market in 1956 as something revolutionary in lighting fixtures. In four years (1956-1960) Stiffel shipped about $3,250,000. in pole lamps. They were widely advertised in national magazines. Sears "moved in" when they saw the Stiffel pole lamp was moving toward a mass market. Sears lamps are not labelled, and the Sears lamp retails at the wholesale price of the Stiffel lamp.
>
> The Stiffel pole lamps and that of Sears made from a copy of a picture of the Stiffel lamp are before us as exhibits. A comparison of the two gives substantial support for the finding that the lamps have a remarkable sameness of appearance. And there is testimony of buyers for Marshall Field and Company and John M. Smyth Company of customer confusion. The finding that there is a likelihood of confusion and some actual confusion, as to the source of the lamps, is not clearly erroneous. The conclusion of unfair competition, based on the finding, is not erroneous [footnotes omitted]."

The Findings and Conclusions of the District Court and the opinion of the Court of Appeals as to the issue of unfair competition are in full harmony. Both courts examined the facts,—both agreed as to them.

ARGUMENT.

RESPONDENT HAS NO OCCASION TO QUARREL WITH THE CONTENTION THAT PATENTS ARE MATTERS OF FEDERAL AUTHORITY ONLY.

There is no occasion for respondent to quarrel with or to discuss the historically interesting (although somewhat inaccurate) review of publications, commencing with The Federalist Papers and the Records of the Federal Convention of 1787, and the many citations to cases and articles referred to by petitioner and the Government on the point that the federal government has the exclusive right to grant patents. While there may be some valid argument as to how and when the right to grant patents became federal, exclusive of the states, respondent certainly does not dispute the basic point.

But there is nothing in this case which is remotely pertinent to the Constitutional contentions made by petitioner, and even less, if that is possible, pertinent to such contentions raised in the Government's brief amicus.

THE GOVERNMENT'S ARGUMENT IS BASED UPON SUCH ERRONEOUS CONCEPTS OF THE FACTS IN THIS CASE AS TO MAKE ITS ENTIRE ARGUMENT POINTLESS.

The Government's brief takes as its primary premise the bland statement summarized at brief page 39, that in this case copying "was prohibited on the basis of findings (1) that the lamps are similar, and (2) that Stiffel's was developed before Sears'." To say that such is an understatement of the facts would be incorrect,—it is a patently erroneous statement of the facts.

The Government's brief takes as a secondary premise

its statement, summarized at brief page 11, that in this case:

> "A copier of these useful articles was held to have committed unfair competition because of the likelihood of confusion between the copy and the original—confusion resulting solely from the sale of the same product and without simulation of non-functional features identifying the source of the product. The question is whether in such circumstances it is consistent with the patent laws for a State's law of unfair competition to give the owner of the unpatented functional device the right to prevent others from copying it."

Both the statement of facts and the purported question are contrary to the present case.

Sears did not copy merely functional features and the District Court did not enjoin, nor did the Court of Appeals approve enjoining, the copying of functional features of the Stiffel products or its patents. On the contrary, the courts below held that Sears had and has the right to copy the functional features claimed in Patent No. 2,793,286 and moreover held that Sears had and has the right to copy even the Design Patent No. 180,251. The court held that Sears lamps exemplified in Pl. Ex. 29, 30, 31, 32, 33, 34 and 35, and in Def. Ex. 6 and 8 would infringe both patents if valid but did not enjoin their manufacture and sale. It was only continued unfair competition as to Pl. Ex. 10 which was enjoined.

As we have shown, Pl. Ex. 10 was admittedly a direct copy of all features of a Stiffel product, not its patent, which was widely shown and advertised and widely known as respondent's product long before a patent application was even filed. As to that very product, Pl. Ex. 10, confusion as to source was not only shown to be likely but actually existent. As to that finding, both courts below agreed.

The Government's brief (Page 13) recognizes that "the proper scope of State law in this area is to * * * protect the maker of a product against injury * * * from failure [of a competitor] to use readily available labels or packaging to identify the source of goods * * *." Yet while making that statement, it sets it aside as inapplicable here.

It would seem that the brief amicus for the Government is almost wholly unaware that in this case, at least as to the pole lamps Pl. Ex. 10, there was no label and no mark identifying them as either a Sears' product or that of its manufacturer.

Since the very basis for the Government's argument in this case is an erroneous understanding of the facts, it is wholly irrelevant here.

PETITIONER IGNORES THE PERTINENT FACTS.

Petitioner, whose counsel were present throughout the trial of this case and on appeal, does not have any excuse for neglecting the pertinent facts—except that they contradict petitioner's contentions.

First, petitioner says that the question here is whether a court, applying the law of unfair competition, may perpetually enjoin the sale of copies of a patented device after the patent covering the device has been judicially terminated.

Such cannot be the question here. The court did not perpetually, or for any time, enjoin sale of copies of the patented device. It enjoined only *unfair* sale of *one* model of petitioner's lamps copied from *one* model of respondent's products. The patents in suit were not "judicially terminated". They are of course now unenforceable against Sears. Actually, petitioner was specifically freed to make and sell numerous lamp models which the court held would infringe if either of the patents in suit was valid. Any number of additional models are open to peti-

tioner, if it has any originality at all, even though they might otherwise infringe if the patents were valid. The stated "question presented" is not truly the issue.

The petitioner says that Sears was held to be guilty of unfair competition only because of "similarity in appearance between the commercial pole lamps of Sears and Stiffel". That is so much an understatement of the facts as we have stated above as to make the contention absolutely incorrect.

Petitioner states in its argument that there is not in this case any subject matter outside the scope of the Stiffel design patent which was held invalid for lack of invention by the courts below. Again that is a gross understatement of the facts since the courts below held that there are a wide variety of Sears' pole lamps which would infringe the design patent in suit if it were valid and yet but one model of petitioner's lamps was held to have been made and sold unfairly.

The same contention is repeated by petitioner in its brief wherein it says that the identical ornamental appearance of the pole lamp, the unfair sale of which was enjoined, is the "sole subject matter" of respondent's design patent. Actually, the District Court found that at least nine other models of petitioner's pole lamps were within the subject matter of respondent's design patent at the time of trial, but did not enjoin their continued manufacture and sale.

Repeatedly in petitioner's brief, it is contended that the Court of Appeals has perpetually enjoined Sears from selling the pole lamp shown in the Stiffel design patent anywhere throughout the United States. Actually of course, the Court of Appeals enjoined no act. It affirmed the act of the District Court which enjoined only the *unfair* sale of the single model of petitioner's pole lamp, Pl. Ex.

10. Certainly petitioner cannot be so unimaginative and so unfair in its basic concepts of business competition as to be unable to devise a method of *fairly* competing with respondent.

ENJOINING UNFAIR COMPETITION DOES NOT GRANT A MONOPOLY.

Petitioner contends that the trial court's grant of an injunction to restrain "further unfair competition" in effect grants to respondent a perpetual monopoly. Petitioner concedes, and so does the Government's brief, that it is entirely proper for a court to enjoin the copying of a product where its appearance has acquired a "secondary meaning". It contends, however, that there was no finding of "secondary meaning" in this case and hence that the injunction improperly grants a perpetual monopoly in contravention of the constitutional rights to grant monopolies only by patent.

Assuming *arguendo* that the record does not show "secondary meaning" attaching to respondent's product, what difference could that make in any event so far as petitioner's basic contention is concerned?

If enjoining the copying of a product with exactitude and without clear indication of source amounts to the grant of a patent of perpetual duration and is therefore improper because of federal reservation of the right to grant patents, the same would be true even if "secondary meaning" were proved to the fullest extent. It could likewise be argued on the same basic contention that the Federal Trade Commission may not enter a "cease and desist" order as to similar matters because the authority to grant patents is delegated by law to the Commissioner of Patents and not to the Federal Trade Commission.

It could with the same force be argued that trademark

rights residing in the shape or configuration of an article could not be enforced by a federal court or a state court as similarly amounting to the grant of a monopoly in the nature of a patent by an unauthorized authority.

It seems obvious that the basic contention that enjoining unfair competition is a grant of a monopoly in violation of the reservation of rights relative to the issuance of patents is completely unsound. The test should be only whether there was in fact unfair competition and not whether the effect of the injunction in such a case is an invasion of the authority to grant patents. The fact is that the trial court and the Court of Appeals concurrently found that there was unfair competition in this case, that there was both actual confusion as to source and likelihood of confusion brought about by the defendant's acts. Certainly in dealing with such matters, the court should have the right to enjoin such unfair practices and in doing so to apply the local law of the forum, *Pecheur Lozenge Co.* v. *National Candy Co.*, 315 U. S. 666, 667; *Erie Railroad Co.* v. *Tompkins*, 304 U. S. 64.

The courts below having concurrently found the elements of unfair competition, it is not the proper function of a writ of certiorari to review questions of fact or of the sufficiency of evidence to support the findings. This Court has repeatedly stated that it will not issue a writ for such purpose, *Southern Power Co.* v. *North Carolina Public Service Co.*, 263 U. S. 508.

In the case of *General Talking Pictures Corporation* v. *Western Electric Co.*, 304 U. S. 175, 178, in language especially apt here, this Court stated:

> "There is nothing in the lower courts' decision on either of the added questions to warrant review here. Whether respondents acquiesced in the infringement and are estopped depends upon the facts. Granting of the writ would not be warranted merely to review

> the evidence or inferences drawn from it. * * * Moreover, the decision on that point rests on concurrent findings. They are not to be disturbed unless plainly without support. * * * There is evidence to support them."

This Court emphasized the point that concurrent findings are to be disturbed only with the greatest reluctance in the case of *Graver Tank & Mfg. Co.* v. *Linde Air Products Co.*, 336 U. S. 271, 275 saying:

> "A court of law, such as this Court is, rather than a court for correction of errors in fact finding, cannot undertake to review concurrent findings of fact by two courts below in the absence of a very obvious and exceptional showing of error. * * *"

Enjoining the unfair competition found was clearly a matter within the authority of the trial court and its findings clearly supported that relief, as the Court of Appeals held. It should not therefore be a matter for dispute before this Court as to the details of the evidence or the inferences drawn from it by the courts below.

THE INJUNCTION AGAINST UNFAIR COMPETITION WAS FULLY AUTHORIZED UNDER THE DECISIONS OF THIS COURT.

There is no question but that the public generally has the right to utilize fully the teachings and disclosure of a patent once the monopoly granted has expired. It would not seem that the rights of the public should be any greater if a patent has been issued and held invalid than if a patent has issued and has run its full term. Such rights of the public to use freely the subject matter of an expired patent are not without limitations.

In *Singer Mfg. Co.* v. *June Mfg. Co.*, 163 U. S. 169 and in *Kellogg Co.* v. *National Biscuit Co.*, 305 U. S. 111, this

Court did define and state the rights of the public in the free use of the subject matter of an expired patent.

In the *Singer* case, it was expressly held by this Court that although the defendant had the right to make sewing machines of the expired patents and to refer to them by the word "Singer" which had become generic, such was

> "subject, however, to the condition that the name must be so used as not to deprive others of their rights or to deceive the public, and, therefore, that the name must be accompanied with such indications that the thing manufactured is the work of the one making it *as will unmistakably inform the public of that fact.*" [163 U. S. 200, Emphasis ours.]

So also in the *Kellogg* case, this Court held that because of patent expiration and generic description, the defendant had the right to make "shredded wheat biscuits", to call them "shredded wheat" and to make them in the pillow form as made by plaintiff in its patented machines and patented designs which at that time had expired. Nevertheless, the Court said:

> "The question remains whether Kellogg Company in exercising its right to use the name 'Shredded Wheat' and the pillow-shaped biscuit, is doing so fairly. Fairness requires that it be done in the manner which reasonably distinguishes its product from that of plaintiff." [305 U. S. 120.]

In this case, petitioner committed its acts of unfair competition not after patent monopolies had been enjoyed by respondent and had expired, but before any patent rights existed. Petitioner was not therefore exercising the right of the public to utilize the teachings of an expired patent or even to utilize the teachings of a patent which petitioner had any ground to believe was invalid. Under such circumstances, can it be said that petitioner's rights are greater than the general public right to use the patent

after its expiration as stated in the *Singer* and *Kellogg* cases? Logically, it would seem not.

The fact is that petitioner did not in any way label or mark its copy of one of respondent's commercial products. It did not so mark the enjoined product as one made or sold by petitioner or its manufacturer in such way as would "unmistakably inform the public of that fact" which this Court has stated to be essential to fair use of an expired patent.

THE DECISION IN THIS CASE IS NOT IN CONFLICT WITH DECISIONS IN THE SECOND CIRCUIT.

Petitioner further contends that the decision in this case is in conflict with decisions of other courts, citing particularly the Second Circuit cases of *G. Ricordi & Co.* v. *Haendler*, 194 F. 2d 914 and *Hygienic Specialties Co.* v. *H. G. Salzman, Inc.*, 302 F. 2d 614.

Petitioner quotes brief excerpts from the opinion by Judge Learned Hand in the *Ricordi* case. It did not, however, quote the very part of that opinion which shows lack of conflict between the present case and the rule in the Second Circuit. In the *Ricordi* case, Judge Hand's opinion says:

> "We do not mean that the defendant could under no circumstances be guilty of 'unfair competition' in his use of the 'work'; but it would have to be by some conduct other than copying it. Since he confined himself to that and gave notice that it was his product the Copyright Act protected him [194 F. 2d 914, 916]."

Since the defendant in the *Ricordi* case copied the subject matter of an expired copyright but did so fairly by giving "notice that it was his product", the decision is clearly in line with the rulings of this Court in both the *Singer* and *Kellogg* cases.

So too in the *Hygienic Specialties* case, 302 F. 2d 614, the Court of Appeals for the Second Circuit did not arrive at a decision which is at all in conflict with the lower courts' decision in this case. There, the design patent in suit was held invalid and it was further held that defendant had not been guilty of unfair competition in copying the plaintiff's product. However, it should in all fairness be pointed out that in that case there was one model only of the patented product, one model only of the copy, and the design patent in suit was held invalid as relating to nothing but the strictly functional characteristics of the soap dish there involved. As the court said at page 621:

> "As we have already pointed out, Hygienic's design was admittedly controlled by utilitarian requirements. *A fortiori,* Hutzler's dish, regardless of Hutzler's intentions, was subject to the same limitations. To paraphrase Gertrude Stein's commentary on a rose, a dish is a dish is a dish. Moreover the soap dishes were not identical. In addition to differences in the legs and side decoration, the Hygienic and Hutzler names were displayed prominently on the bottom of their respective soap dishes."

Obviously, the *Hygienic Specialties* case is not at all in conflict with the present case and, indeed, the Court of Appeals for the Second Circuit stated in the *Hygienic Specialties* case the same regard for principles of fair dealing as have been considered by the Court of Appeals for the Seventh Circuit. In the *Hygienic Specialties* case at page 619, the Court of Appeals said:

> "On the other hand, competition must be 'fair' both to the consumer and so far as possible, to the trade."

In both the *Ricordi* case and the *Hygienic Specialties* case, the Court of Appeals for the Second Circuit held acts of copying to be not unfair but, in each case, a very important consideration considered by that court was that

the accused unfair competitor had very clearly marked the product as his product rather than one emanating from the plaintiff. Both cases are clearly in line therefore with the *Singer* and *Kellogg* cases in this Court, and the decision in this case, in which Sears did not mark its product, is not in conflict with those decisions.

CONCLUSION.

The Court of Appeals for the Seventh Circuit has expressed in several of its decisions in unfair competition cases that in all such cases "it is principles of old-fashioned honesty which are controlling." The decisions of the Second Circuit and of every circuit in the country seem likewise to be decided upon the application of that principle and in that respect they are all in complete accord with the decisions of this Court in such cases as the *Singer* and the *Kellogg* cases.

To relieve petitioner from liability for its unconscionable copying of respondent's product while failing to mark petitioner's product with either its name or that of its manufacturer in such way as would "unmistakably inform the public of that fact" is clearly unfair and contrary to the principles of old-fashioned honesty which it is submitted should be controlling.

The writ of certiorari should be dismissed.

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1963.

No. 108

SEARS, ROEBUCK AND CO.,

Petitioner,

vs.

THE STIFFEL COMPANY,

Respondent.

PETITIONER'S REPLY BRIEF.

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PETITIONER'S REPLY BRIEF.

I. Respondent Argues Only as to the Facts.

Respondent Stiffel's position rests solely upon its contention that the facts presented by the record in this case do not support the question before the Court in this review. Respondent concedes at the very outset of its argument (Respondent's Brief, p. 10) that, as to the law, "there is no occasion for respondent to quarrel" and "respondent certainly does not dispute the basic point."

II. Respondent Erroneously Represents That Petitioner Is Not "Perpetually" Enjoined From Copying the Invalid Patent Design.

At page 2 of Respondent's Brief, an erroneous statement is advanced as the cornerstone of respondent's argument:

"The petitioner was not 'perpetually', or in any way,

enjoined from making the subject matter of respondent's patents. It was enjoined from further acts of 'unfair competition' in doing so. Petitioner has every right under the judgment below to make the products of respondent's patents, provided only that it do so 'fairly', marking them in such manner as to avoid confusion as to source of the product."

Without the slightest doubt or ambiguity, the very words of the Judgment below contradict respondent:

> "3. Defendant and its agents, representatives and employees, are hereby enjoined from unfairly competing with plaintiff by selling or attepting to sell pole lamps identical to or confusingly similar to plaintiff's exhibits 3 and 10." (District Court Judgment, R. 68.)

The clear meaning of the injunctive commandment is that petitioner may not sell or attempt to sell pole lamps which are the identical subject matter of the invalid design patent. There is no qualification whatever as to the manner or mode of such sale, fair or unfair, labeled or unlabeled. The injunction is absolute, unlimited, and perpetual. Certainly the Solicitor General, in the brief for the United States as *Amicus Curiae* herein, concurs with Petitioner's reading of the Judgment.[1] Even disinterested legal commentary, which this case has recently generated, confirms the correct and clear reading of the perpetual injunction herein as being an unlimited one against copying the invalid patent design.[2]

---

1. In commenting upon the hearsay testimony of a department store buyer to the effect that a complaining customer had seen a Sears pole lamp "exactly like" the Stiffel pole lamp for which the customer had paid a higher price: "Certainly far more is required than this cryptic bit of testimony to justify a *blanket prohibition upon the copying of a product*, the patent on which has been invalidated in the very proceeding in which the prohibition was entered." (Brief for the United States as Amicus Curiae, p. 38.)

2. In 32 Geo. Wash. L. Rev. 149 (1963), at p. 154: "If the court desired to protect the public in the instant case [313 F. 2d

III. Respondent Erroneously Represents That Petitioner's Products Were Unlabeled and Unmarked.

At pages 12 and 18 of Respondent's Brief, an erroneous statement is twice advanced as the crown of respondent's argument:

> "It would seem that the brief amicus for the Government is almost wholly unaware that in this case, at least as to the pole lamps Pl. Ex. 10, there was no label and no mark identifying them as either a Sears' product *or that of its manufacturer.*" (Emphasis added.) (p. 12.)
>
> * * * * *
>
> "The fact is that petitioner did not in any way label or mark its copy of one of respondent's commercial products. It did not so mark the enjoined product as one made or sold by petitioner *or its manufacturer* in such way as would 'unmistakably inform the public of that fact' which this Court has stated to be essential to fair use of an expired patent." (Emphasis added.) (p. 18.)

The clear and uncontroverted testimony of record contradicts respondent. The direct testimony of respondent's own vice president and sales manager, elicited by respondent through its own counsel, affirmatively established the labeling of the containers for petitioner's enjoined pole

---

115], the decision might better have been directed toward protecting a free market rather than granting a *perpetual monopoly* in order to avoid customer confusion." (Emphasis added.) At p. 155: "Where the design has acquired a secondary meaning, it follows that the originator has a property interest which should be protected. Similarly, latecomers should not be allowed to palm off their goods as those of the originator. The court in the instant case has based its decision on neither ground, but instead appears to favor applying principles of 'old fashioned honesty.'[2] This interpretation will aid in avoiding confusion among the purchasing public, *but will result also in perpetual monopolies on designs* which would otherwise have been available to the public in a free competitive market." (Emphasis added.)

lamp (Plaintiff's Exhibit 10) in such a way as "unmistakably" informed petitioner that the product was manufactured by petitioner's supplier Randolph Metals and was not the product of respondent:

> "Q. Is that the lamp marked Plaintiff's Exhibit No. 10?
>
> A. Yes, sir.
>
> Q. Did you get that, then, from your salesman?
>
> A. Yes. The salesman shipped it to us and he got it from Sears Roebuck.
>
> Q. Now, it was shortly after that that the suit was filed in Greensboro, was it not?
>
> A. I believe so.
>
> Q. And the suit was filed in Greensboro in 1957?
>
> A. I believe that is correct.
>
> Q. At that time, did you know who manufactured the Sears lamps?
>
> A. *I found out who manufactured the Sears lamp because I took the label off the carton the Sears pole lamp came in.*
>
> Q. Was it at that time you learned of Randolph Metals?
>
> A. *That is how we learned who the manufacturer was.*" R. 28 (Emphasis added.)

Because of this clear and uncontradicted testimony, there could not have been, and indeed there was not, any finding by the District Court that petitioner failed to label or mark its pole lamps "as either a Sears' product or that of its manufacturer."[3]

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3. Just as respondent recognized by using a detachable tag (Plaintiff's Exhibit 5, R. 73-74), so also has commercial business practice, statutory law, and case law long recognized the use of temporary labels and packaging as means of source identification which are preferable to such permanent marking of the product itself as would detract from its aesthetic appearance. The law and both of the parties in this case recognize that no permanent advertising need be affixed to a decorative product, and the manufacturing source may be properly designated by appropriate packaging: 21 U. S. C. § 321 (k, l, m); Ill. S. H. A. Ch. 91, § 55.10; 19 U. S. C. § 1304; 15 U. S. C. § 1127; *Restatement of the Law of Torts*,

It was respondent's erroneous argument before the Court of Appeals, an argument which was not only unsupported but was actually contradicted by the record, which misled the Court of Appeals to make the gratuitous and incorrect statement in its opinion of January 23, 1963 that the Sears lamps are not labeled:

> "*Sears lamps are not labelled,* and the Sears lamp retails at the wholesale price of the Stiffel lamp." R. 113 (Emphasis added.)

The same erroneous argument is repeated before this Court by respondent. The proven facts of record still remain to the contrary.

IV. Conclusion.

Respondent's erroneous fact argument is essentially unrelated to the question of law before this Court.

While respondent maintains that the spirit of the injunction against petitioner is merely against a manner of unfair selling practice, it ignores the reality that the clear language of the injunction is sweepingly against selling the design of an invalid design patent, and not merely from selling in a defined unfair manner.

Although the only "unfairness" which respondent can point to is that of petitioner's purported failure to label adequately its goods, the record shows that petitioner labeled its containers well enough so that respondent had no problem in immediately identifying the manufacturing source when it purchased the identical product here enjoined and removed the label.

Respondent has presented no dispute as to the important question of law presented upon this petition. Instead, Re-

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§ 718(b); *Morse-Starrett Products Co.* v *Steccone*, 86 F. Supp. 796 (D. C. Calif. 1949); *Barron-Gray Packing Co.* v *Bruce's Juices, Inc.*, 162 F. 2d 217 (CCPA 1947).

spondent asks that the erroneous and economically destructive rule of law established in this case by the decisions below be allowed to stand because of Respondent's erroneous reading of the Judgment and the testimony of record. The Judgment below should be reversed upon the question presented.

Respectfully submitted,

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1963.

No. 108

SEARS, ROEBUCK AND CO.,
Petitioner,

vs.

THE STIFFEL COMPANY,
Respondent.

RESPONDENT'S PETITION FOR REHEARING.

WARREN C. HORTON,
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THE GUNTHORP-WARREN PRINTING COMPANY, CHICAGO

IN THE

Supreme Court of the United States

OCTOBER TERM, 1963.

No. 108.

SEARS, ROEBUCK AND CO.,

Petitioner,

vs.

THE STIFFEL COMPANY,

Respondent.

RESPONDENT'S PETITION FOR REHEARING.

Respondent, The Stiffel Company, respectfully petitions the Court for a rehearing and reconsideration of its Decision and Opinion herein of March 9, 1964.

THE RECORD DOES NOT SUPPORT THE FINDING THAT SEARS' LAMPS OR PACKAGES IN WHICH THEY WERE DELIVERED TO CUSTOMERS WERE MARKED OR LABELLED TO INDICATE SOURCE.

In the Court's Opinion of March 9, 1964, in summarizing the facts, it is stated that as to Sears' lamps "—labels appeared on the cartons in which they were delivered to customers—." It is respectfully submitted that this is not factually correct.

In the District Court and in the Court of Appeals, Sears never contended that its pole lamps or their packages were

labelled or marked in any way to identify them as Sears' products or as products of its manufacturer, Randolph Metal Works. Sears tacitly admitted such lack of identification for it never disputed nor denied the lack of identification which Stiffel pointed out in testimony and repeatedly in its arguments and briefs in the District Court and in the Court of Appeals. The Court of Appeals' Decision, reviewed on certiorari, expressly relies upon the statements of fact made by both parties to that court and correctly sums up such representations in the statement in its Opinion of January 23, 1963 that "Sears' lamps are not labelled * * *." (R. 113.)

At the trial in the District Court, testimony was presented by Stiffel that the pole lamp purchased by it from Sears had no tag and no label and that "everything that came with the pole" (R. 28) was then and there produced by the witness. There was no tag; there was no label; there was no marking of any kind of source identification.

The plaintiff Stiffel purchased two pole lamps from Sears (R. 30), one being Pl. Ex. 10 which is before the Court, and the other being identical thereto. One of the lamps so purchased was still in the shipping carton in which it was sent by Randolph Metal Works to the Sears' store in Greensboro, North Carolina. This had a shipping label with the return address of the shipper, Randolph Metal Works. It was not a label stating that Randolph Metal Works was the manufacturer of the lamp, although The Stiffel Company, being itself a lamp manufacturer and familiar with others in that field, recognized the name and surmised correctly therefrom that Randolph Metal Works was the manufacturer of the Sears' pole lamps. Very obviously the general purchasing public would not have had such knowledge even if it were true that lamps which such people purchased from Sears would have included a similar shipping label, and there is no evidence that such was the

practice or that such ever occurred except as to one of the two poles purchased by Stiffel from Sears.

Although Sears filed a Petition for Rehearing in the Court of Appeals in this case, it made no contention even in that Petition that its pole lamps were marked or labelled in any way.

THE PETITION FOR CERTIORARI HEREIN MADE NO CONTENTION THAT SEARS' PRODUCT WAS IN ANY WAY LABELLED OR IDENTIFIED AS TO SOURCE.

In the Sears' Petition for Certiorari in this case, Sears in its *Statement of Facts* and in its *Argument* made no contention or suggestion that its pole lamps were in any way marked or labelled as to source nor did it make any contention that the Court of Appeals' Decision was erroneous in its statement that the Sears' product was not labelled.

The lack of labelling as to source by Sears or its manufacturer was expressly called to this Court's attention in the Stiffel Brief in Opposition to the Petition for Writ of Certiorari, in which brief respondent called attention to the decisions of this Court in *Kellogg Co.* v. *National Biscuit Co.*, 305 U. S. 111 and *Singer Mfg. Co.* v. *June Mfg. Co.*, 163 U. S. 169, in both of which decisions this Court held that even if one had the right to copy another's product, it had to exercise such right "fairly", and fairness certainly requires such identification.

That Sears still tacitly conceded lack of identification of its product is evident from its Main Brief filed after certiorari was granted, in which lack of identification as to source is nowhere disputed either in the *Statements of Fact* or in *Argument*.

It was not until the Petitioner's Reply Brief that it was ever even contended in this case on behalf of Sears that

there had been any kind of labelling or identification whatsoever. That of course was the final brief filed and the point was raised by Sears knowing that it could not be answered by respondent in a further brief.

Even in the Sears' Reply Brief, it was only contended that respondent was informed that the Sears' pole lamp was manufactured by Randolph Metal Works, at which time reference was made to a portion only of the testimony at page 28 of the Record. Not even there did Sears contend that its pole lamps were identified in any way as to source so far as the general purchasing public was concerned.

IF THERE BE ANY UNCERTAINTY AS TO SOURCE IDENTIFICATION BY SEARS, THE CASE SHOULD BE REMANDED FOR CLARIFICATION OF THAT FACT.

We respectfully submit that the record in this case does not support a finding that "labels appeared on the cartons in which they" (Sears) "were delivered to customers."

The Opinion herein cites with approval both *Kellogg Co.* v. *National Biscuit Co.*, 305 U. S. 111 and *Singer Mfg. Co.* v. *June Mfg. Co.*, 163 U. S. 169, and it would seem therefore that the Court regards both of those decisions to be sound statements of the applicable law. If those decisions are not modified or reversed by the Decision of March 9, 1964 herein, then it would seem that this Court's Opinion is based upon an erroneous assumption of fact as to labelling of the Sears' pole lamp.

CONCLUSION.

It is respectfully submitted that reconsideration should be given as to the factual situation of identification of the Sears' pole lamp and that this Court's decision should be modified accordingly or that there be remand to the District Court to take further proofs on that point.

Respectfully submitted,

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Certificate.

Warren C. Horton certifies that the foregoing Petition is presented in good faith and not for purposes of delay, and that he believes it to be well-founded in fact.

Warren C. Horton

Warren C. Horton.

Certificate of Service.

Warren C. Horton certifies that the within Petition for Rehearing was served upon counsel for Petitioner by mailing copies to them this 20th day of March, 1964, postage duly prepaid, addressed as follows:

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